

**Shri T. N. Singh (Chandauli):**  
Before the motion is put to the vote of the House, I wish to make a small suggestion. The Appropriation Bills are presented year after year. I wish a little more detail were attached to each Appropriation Bill, especially because, under each head there are a number of grants which cover that particular item. So, will it not be better when, say, under a Demand, such as Education, Health or a Demand under any other Ministry, the grants to which they refer are enumerated? That is essential when a reappropriation is made at a particular juncture when there are savings. That is the usual practice which has also been accepted, namely, to make it more specific. It will be better if in the Bill, and along with the Bill, these details are mentioned against each head of account. I would just suggest that this should be considered. Perhaps it may not be possible to do so in respect of the present Bill, but I wanted to raise this point in the open House for consideration.

**Shri Morarji Desai:** We shall consider it for future years.

**Mr. Speaker:** I shall put the question to the vote of the House.

The question is:

"That the Bill to authorise payment and appropriation of certain sums from and out of the consolidated fund of India for the services of the financial year 1958-59, be taken into consideration."

*The motion was adopted.*

**Mr. Speaker:** The question is:

"That clauses 2 and 3 stand part of the Bill".

*The motion was adopted.*

*Clauses 2 and 3 were added to the Bill.*

**Mr. Speaker:** The question is:

"That clause 1, the Schedule, enacting formula and the Title stand part of the Bill."

*The motion was adopted.*

*Clause 1, The Schedule, the Enacting Formula and the Title were added, to the Bill.*

**Shri Morarji Desai:** I beg to move:

"That the Bill be passed."

**Mr. Speaker:** The question is:

"That the Bill be passed."

*The motion was adopted.*

#### FINANCE BILL— contd.

**Mr. Speaker:** The House will now resume further discussion of the Finance Bill, 1958, on the motion moved by Shri Morarji Desai on the 18th April, 1958, namely:—

"That the Bill to give effect to the financial proposals of the Central Government for the financial year 1958-59, be taken into consideration."

Out of 8 hours allotted for general discussion, 3 hours 26 minutes have already been availed of and 4 hours 34 minutes now remain. It is now a quarter past 12. We will go on till 5 o'clock and conclude the debate. How long does the hon. Minister want to take for the reply?

**The Minister of Finance (Shri Morarji Desai):** I shall take about 45 minutes. My colleague, Shrimati Tarkeshwari Sinha, will also intervene and she will take about 15 to 20 minutes.

**Mr. Speaker:** It is going to be her maiden speech, as a Minister. She will take about 15 to 20 minutes. So, between them, they will take about 1 hour and 25 minutes.

**Shri C. D. Fande (Naini Tal):** May I request you to extend the time by one hour and a half? In that case the Bill may be finished by tomorrow evening, and we will have one hour and a half more. Because so far not many Members have taken part in the debate. If one hour and a half

are further allotted, you will be able to accommodate more Members, than is possible now.

**Shri T. N. Singh (Chandauli):** I would further strengthen this argument. Nowadays, we do not refer the Finance Bill to a Select Committee. Formerly, we used to take the Bill to the Select Committee and it used to last twice as long as it lasts now, once before the Select Committee and once afterwards. So, it is but fair that one hour and a half more are allotted so that more Members may take part and they may explain their points of view. Opportunity for such expression may then be made available. This is a very important measure. After all, the Finance Bill is the most important Bill that has to be discussed in this House, when the supplies come from all the incomes and receipts. Therefore, I would only support the suggestion made by Shri C. D. Pande.

**Mr. Speaker:** I can only say that representatives of all parties and groups are always invited to the Business Advisory Committee and except on their advice no time is allotted. As a matter of fact, 8 hours were allotted, originally fixed, for the entire discussion, both for general consideration and the clauses. I suggested 12 hours and not one Member said that 12 hours were very little.

**Shri Braj Raj Singh (Firozabad):** Even the Members suggested 12 hours.

**Mr. Speaker:** Very well, we all agreed to have it at 12 hours, but no Member came and said, "We want more time". I do not know what to say, in the circumstances, so far as this matter is concerned.

**Shri Surendranath Dwivedy (Kendrapara):** You were also authorised to extend the time.

**Mr. Speaker:** No, not beyond 12 hours. Anyhow, today, there is going

to be an address by an eminent Swedish economist. Tomorrow there would be no time. We must finish this. Four hours have been allotted for clause-by-clause consideration.

The hon Members have been saying and saying the same thing, since the budget discussion started and the general discussion started. Except the hon. Members who have not spoken at all—two of them have not spoken at all—the others have been speaking and speaking. There is no difficulty at all. They have expressed almost everything that can possibly be said collectively. I am not talking of individuals. Anyhow I will try to do my best to accommodate every Member here as far as possible. Shri Subodh Hansda will continue his speech.

**Shri Subodh Hansda (Midnapur—Reserved—Sch. Tribes):** Mr. Speaker, Sir, the other day, I was saying that crores of rupees could not be spent for the welfare of the Scheduled Tribes and the Scheduled Castes—they remain unspent—in the first Five Year Plan, and also the progress made in that direction was also not satisfactory. We all know that the people of these communities are very poor. Most of them are landless and live in acute poverty. They maintain themselves from hand to mouth by doing hard labour daily. In these circumstances, I do not think they are in a position to participate actively in, or contribute anything to, the development works and programmes. The Government rules are also so rigid that sometimes it is impossible to agree with the terms and conditions laid down for the achievement of programmes. Therefore, I submit that the rules should be relaxed, namely, the rules that stand in the way of the developmental works. And if it is found that no contribution would be available, then the Government should come forward and see that the necessary things are done in the right manner with their full cost.

Now, there seems to be something wrong in the way of approach and

[Shri Subodh Hansda]

the machinery that are engaged in the welfare of these people. So far as I know, the personnel that work for the welfare of these people have no knowledge of the customs, the culture, and the language of these classes, and they do not have any knowledge of their daily life. I do not think they have any actual personal touch with these people. Therefore, I think that the progress that has been made in this direction would be naturally very slow. In the second Five Year Plan, crores of rupees are going to be spent for the development of these people. And we have entered now the third year of the second Plan. I do not think much could be done in this Plan period also. So, I want to submit that the personnel who are engaged in the welfare work of these people should be specially trained for this job.

In West Bengal, there are a few officers who are known as tribe welfare officers, who are posted in each district. These welfare officers are to work in other scheme besides their normal work, and so they find little time to come into contact with the masses for whom they are meant. It is a pity that most of these officers do not know the customs, culture or language of these tribal people. In the circumstances, I want to submit that the personnel who are to be engaged in the welfare activities of the Scheduled Castes and Scheduled Tribes should have extensive knowledge of the people concerned, their way of life, their culture, customs, language and tradition etc. At the same time they should have full idea of the needs of different sections of the population and also different areas. Central Government have started a number of special multi-purpose blocks for the welfare of these people and to raise the economic and social standard of these people. These have been started which the co-ordination of the Community Development Ministry. But I am really surprised to see that there is not a single special

tribal block in West Bengal where there are about 16 lakhs of tribal people. I do not understand why there should be this sort of discrimination and unsympathetic attitude shown towards the tribes of West Bengal. It may be that the Government are under the impression that the tribes of West Bengal are far more advanced than in other parts of the country or they have been brought to the standard of the advanced sections of the population under the first Five Year Plan. If this is the impression of the Government, then, I feel the Government have no idea of these people. It is really very unfortunate. I would like to say that there are areas where the people are still as backward as they were in the pre-independence days. Therefore, I humbly request that the Government should not close her eyes to the needs of these people, but should start 3 or 4 new tribal blocks for these people in order to raise their social and economic standards.

These blocks have come into being in almost all the States and these blocks are meant for taking up intensive work in tribal areas. The area to be developed is fixed at about 200 square miles with a population of 25,000 by the Planning Commission, but I am really surprised to see that this provision is not maintained in many of the States. Like Orissa, the areas have been increased to about four times and its population accordingly. Some of the blocks are not within the compact tribal areas. This, I feel, is highly objectionable. Even the Commissioner for Scheduled Castes and Scheduled Tribes in his report for 1956-57 has pointed out that this provision is not maintained by many of the States, which is really objectionable. If these blocks are to make success, then the workers who are to be engaged in this work should be recruited locally from the community for which they are to work and from the area for which they are to work and they should be given special training for this job, i.e. they should

have extensive knowledge of the traditions, culture, language, etc., of these people.

I would like to say something about the ex-criminal tribes. Rs. 4 crores have been set apart for the resettlement of these people. We all know that these people are all habitual offenders and unless something is done to mend their ways and activities of life, I do not think they could be settled in life, and also if some provision is not made to earn their livelihood it is useless to spend crores of rupees for these people. Colonies have been started and houses have been built, but I do not know whether any provision has been made for them to earn their livelihood. In my constituency, there are three such colonies and houses have been built there. But there is no provision for them to earn their livelihood. A few acres of barren lands have been given to these people which yield nothing. Naturally, these people have no sources of income and they have to maintain themselves by adopting their own procedure i.e. their criminal procedure. So, I want to submit that there should be some provision or some sort of arrangement so that these people could earn their bread.

I would like to say something about the Central Evaluation Organisation. This organisation is strengthened and enlarged by the appointment of number of Assistant Commissioners for different zones. But I could not understand what their actual powers are or what their functions are. These officers tour round the country, collect information and report it to the Government for taking necessary action. A number of complaints are lodged with the officers for taking necessary action by various organisations and individuals, and they also come across a number of problems which need immediate solution. But these officers have no power to solve these problems or for taking any action. They simply report it to the Government for taking necessary action. But the result is that sometimes action is taken and sometimes it

is totally neglected. Therefore, I submit that these officers should be given some sort of wide powers, so that they can do something in this capacity. I am sure, if they are given this power, many things can be solved very easily and without delay. I hope the Government will surely look into this question.

Then, there is the Central Advisory Board at the Centre to advise the Government regarding tribal matters. But I am surprised to see that there is not even a single tribal member from West Bengal where there are 16 lakhs of tribal people. I do not find any justification for not taking any member from West Bengal into this Board from the Tribal community. Therefore, I request the Government to look into this question.

There are lakhs of tribals left out from the list of the Scheduled Tribes in many of the States and they have been included in the list of backward classes. Naturally these people are deprived of all the facilities enjoyed by the tribals from other parts of the country. In Assam, there are lakhs of Santhals, Mundas, and Orangs. They have been left out, because the Assam Government have not recommended them for inclusion in the list of Scheduled Tribes. I could not understand why they have not recommended. Probably because they have migrated from other parts of the country, that is why they are not recommended for inclusion in the list. I know these people have permanently settled there and participated in the last two general elections. So, I do not find any reason for their being excluded from the list of Scheduled Tribes by the State Government. I hope Government will look into this question and take necessary steps to include them in the list of Scheduled Tribes.

Regarding education, free education is enjoyed by the Scheduled Castes and Scheduled Tribes in almost all the States. But I am really sorry to say that in West Bengal, there is no

[Shri Subodh Hanada]

such provision for the Scheduled Caste students. This matter has been brought to the notice of the Government a number of times, but there is no result. So, I request the Government to see that the students of this community should get free education up to the secondary stage. The Central Government is awarding scholarships for the students of these communities for education of a higher standard, but these scholarships are awarded in such a manner that most of the students have to give up their studies, because they could not afford the expenses of their education. These scholarships are awarded almost at the fag end of the financial year and naturally these poor students have to give up their study. So, I request the Government to make arrangements, so that the scholarships are awarded at least quarterly, if not monthly.

Then, I do not think there is any reservation for admission into the technical and medical colleges, sponsored by the Central Government for the students of the Scheduled Tribes. The students are admitted into these institutions according to merit. The students of these communities generally do not come up to the standard or they cannot compete with the other students. Therefore, these students are deprived of from getting admission into these colleges. So, I request that at least there should be some reservation for the students of these communities, so that they can have a chance of getting admission into these institutions.

I would like to say something about the recommendations of the Commissioner for Scheduled Castes and Scheduled Tribes. In his report for 1956-57, there was a suggestion that there should be reservation of seats in the local bodies and gram panchayats. This suggestion was given to the State Governments for implementation. But I do not know whether any State Government has implemented this suggestion or taken

any action in regard to it. So far as I know, there is no such reservation in West Bengal. Now the *gram panchayats* are coming into being and certain powers are given to these bodies. These bodies are responsible for the development and upliftment of the villages. Even in these bodies there is no reservation of seats for these communities. If these communities are not represented in these bodies, there will be nobody to look after the interests of the Scheduled Caste and Scheduled Tribe people.

I want to say one thing more about the Report of the Commissioner for Scheduled Castes and Scheduled Tribes. This report is submitted to the Government and it is being discussed in this House every year. There were a number of valuable suggestions and recommendations in the report for 1956-57. There was one suggestion that the report should be discussed in all the State Assemblies so that the States' reactions could be understood. But, so far as I know, no State Government has agreed to this proposal, and I do not understand why. The State Assemblies will be the real forum for discussion of this report, because it contains a number of suggestions which have to be implemented locally. I feel that perhaps the State Governments are not so much interested in the welfare of these people and in solving the problems that stand in the way of their upliftment. So, I request the Government to take necessary steps so that this report could be discussed in all the State Assemblies and their reactions could be understood by the Centre as well as by the members of this House.

Lastly, I want to say something about the services. There is reservation of a certain percentage of posts in the services for members belonging to the Scheduled Castes and Scheduled Tribes. But it is found that even this small percentage is not maintained every year. I do not know why and how it happens. So, Gov-

ernment should devise ways and means whereby at least this small percentage of reservation is maintained and filled up. If the Government really wants, it could easily be filled up. Every year a number of candidates appear before the UPSC and the State Service Commissions for interview for various posts. A majority of such candidates are disqualified on various grounds. I feel that if these candidates are taken in and given proper training, they will surely come up to the standard and serve the country to their best ability.

Lastly, I beg to remind that ten years have passed after independence. But we do not not know how much progress we have made in the direction of welfare of these people up to date. It is true that crores and crores of rupees have been spent for the welfare of these people. But that should not be the yardstick of the progress of the community. We must see what material gain they have achieved in their practical life. Therefore, I submit that Government should constitute a small committee with the members of Parliament to assess the work done up to date by Government and the progress made in this direction.

With these few words, I conclude my speech.

Shri M. E. Masani (Ranchi-East): Mr. Speaker, the discussion of the Finance Bill provides a suitable opportunity to consider one's approach to the pattern of taxation prevailing in this country. When one makes this approach, naturally one bases it on one's own outlook or, what might be called, philosophy or way of life. And when one approaches it from that point of view with one's own background, it is often alleged that one does it either from the point of view of socialism or of private enterprise. I believe that this is a false issue and, if I may say so with all respect, it is a red herring trailed across the path to divert attention from more pertinent issues which really confront this country.

So far as socialism and private enterprise are concerned, I do not think that either of them exist today and I for one am rather indifferent about both there are elements of socialism one likes and elements of private enterprise which nobody can deny. This issue is as dead as the Dodo. On the one hand, private enterprise has been changed out of recognition in countries where it has thrived in the last hundred or fifty years and private enterprise today is something entirely different from what it was in the days of Karl Marx. On the other hand, socialism also which was once just a dream which one would like to dream, has now been tried out and it has come out with a different kind of face, a face which is increasingly recognized as State Capitalism, not different in its moral qualities but, if anything, worse than the private capitalism which preceded it.

Therefore, the real issue is not one of socialism vs. Private enterprise. But there is a real issue from which we can approach the problem of taxation, and that issue is: how much should the State do in the economic sphere and how much should be left to the enterprise of the people, or what are the legitimate roles or spheres of influence and activity of the State and the people?

Now, this is very directly related to the problem of taxation. because taxation is one of the many ways in which Government and Parliament can decide how much money should be left with the people for them to invest and how much should be taken away from the people so that Government can invest it in channels which it considers to be productive or of national importance. Now, this is the issue that is emerging. People are taking new stands. The issue is one of concentration of power. Many of us feel that if power is concentrated—political and economic power are combined—in

[Shri M. R. Masani]

the same set of hands, there is a danger to the democratic way of life that is embodied in our Constitution. The policeman becomes the employer in a way and the employer becomes the judge in his own cause. In other words, where there is only one employer in a country, there is no one to whom you can appeal from that employer when he also happens to be the Government. This in its extreme form shows that total State activity is not compatible with freedom of choice or individual liberty. Now, nobody in this country is suggesting at this stage total State activity. But everything is a matter of emphasis and there are limits beyond which one may not safely progress. Now, socialists are re-evaluating their concept in this light—Normal Thomas in the United States of America, Hume Gaitskell in England, Ignazio Silone in Italy and Acharya Vinoba Bhave and Jay Prakash Narayan in our own country. Those who formerly held these views have been re-evaluating their concept as how to reconcile State activity with the democratic way of life.

Many of us were socialists when it was not fashionable or paying to be socialists. But now, when it is easy to be a socialist, one has to consider whether all the methods of socialism are as valid as one thought them to be. I for one believe in the objectives of socialism. But I think that the old traditional methods of socialism are defective and I do not think that they will take one towards the socialist goal. I was affected by Mahatma Gandhi's concept of trusteeship. I got interested in this theory as far back as 1945 and I think that the best that the country can do at present is to put emphasis on it when it moves towards a free and equal society. Now, one might say that the issue raised is of an academic nature at this stage. Perhaps it is. But there are others who do not think it academic even today. Here

let me just quote a phrase from Acharya Vinobha Bhave in a recent issue of 'Bhoodan', about the trend as he sees it in this country. According to him:

"Actually power and responsibility have got concentrated in the hands of a very few at the apex. Today a handful of people, that is, not more than five or six have all the initiative and power in their hands. The rest are just yes men. A small mistake of judgment on their part can destroy and bring misery to countless individuals. Government have power over the entire life of peoples. There is hardly a sphere of life which is absolutely private and personal. This is a dangerous state of affairs."

And there are others like my friend Jay Prakash Narayan, who said recently in Bombay:

"I want the people to do more and the Government to do less. There is need for decentralisation of power."

That is a sentiment with which I would agree. It is an approach, not of private enterprise vs. Socialism, but of considering how much the State can and should legitimately do and how much of the money that people are earning should be left in their pockets for them to spend or in the way they would like to participate in economic activity. It is in that light that I approach the taxation policy of this country and I hope that the distinction between socialist objectives and the methods of socialism will be better understood in certain quarters.

Now, what is the pattern of taxation in this country? The Planning Commission suggested a good starting point when the Second Plan was framed. The Planning Commission in the Second Plan proposed an additional tax revenue of Rs. 800 crores over the period of the Plan, Rs. 350 crores from increased yield at the existing rates of taxes and Rs. 450

crores from new taxes. This was considered by the Planning Commission three years ago to be the maximum possible taxation without material injury to the national economy. They themselves said that to go beyond this would be to hurt the country and its economy. Of this Rs. 450 crores, spread over five years, Rs. 225 crores was to be in the Union Government's sphere and Rs. 225 crores in the States' sphere—an average of Rs. 45 crores of additional taxation per year at the Centre. This was what they considered the safe limit.

Now, let us see what has happened since that limit was set. Shri Chintaman Deshmukh raised Rs. 30 crores of new taxation, and last year Shri T. T. Krishnamachari raised further new taxation of Rs. 90 crores, totalling Rs. 120 crores. And thus the safe limit of Rs. 45 crores of new taxation a year was well and truly passed. And this year, again, the additional taxation that was imposed last year is continued. Therefore, we are well beyond the Rs. 45 crores of new taxation per year which the Planning Commission themselves had considered to be adequate and safe.

The Planning Commission, when they made the Plan, could not be accused of timidity; they could not be accused of pegging their targets very low, whatever else one might think. And yet this was their limit. I am pointing out that that limit has been passed and we are well beyond the safe limit of taxation.

To look at it another way, a more superficial one perhaps, there are nineteen kinds of direct taxes known to be in existence in any part of the world. Of these nineteen, most countries use from six to ten. India has the distinction of using more of these taxes than any other country, namely, fifteen out of the nineteen known forms of taxation, all at the same time.

Now, one feels that this budget does not show an adequate recognition of these facts. I am aware that the

present Finance Minister took over the portfolio after the budget was framed and introduced, and so far as he is concerned this is accomplished fact. Nor can one legitimately and reasonably expect him to undo the budget half way through the session. So it is not a criticism of the present Finance Minister. It is, however, appeal to him with the fresh mind that he brings to this portfolio—and I feel that this portfolio could not be in safer and better hands it is for him to consider whether what has been done last year and what has been done this year really fit into the needs of this country and the safety of its economy.

What is the level of taxation? So far as taxes on individuals are concerned, on those in high income brackets they are the highest in the world or about the highest in the world. Many countries which use the same taxes as we do, like the Wealth Tax, have placed a ceiling on direct taxation. They have said that no one individual would be made to pay more than 75 or 80 per cent of his total income by way of taxes in a year. Professor Kaldor, whose name was used to justify the Wealth Tax and Expenditure Tax, had himself stipulated that 26 per cent of a man's assessable income should be left in his hands at the end of the year: in other words, that 74 per cent should be taken away and the rest should not be touched. But according to the present taxation in India, 100 per cent, and even 120 or 130 per cent, if a case arises, can be taken away. In other words, direct taxation can exceed his income and encroach into his past savings or capital.

Sweden, which has the highest level of taxation in many ways, prescribes a limit of 80 per cent—something beyond which you cannot go against one man in one year. Norway does the same. And in West Germany and Holland also, though in different ways, the ceiling is placed at 80 per cent. Among the amendments that



[Shri M. R. Masani]

I have tabled to the Finance Bill, there is one which tries to introduce the Swedish or the Norwegian pattern or the Kaldor pattern if you like to call it, by stipulating that the direct taxes imposed on one individual in a particular year should not exceed 80 per cent of his total income. I do hope the Finance Minister will give consideration to that, not because it is important for many people, but because in a way it symbolises a reasonable, moderate attitude towards this matter which has been lacking in the past years.

Corporate taxation, which is more important, because it involves investment and development of the country, is also in India above the highest in the world. The combined income, Wealth and dividend tax works out to between 51 and 56 per cent. This, again, is among the highest in the world. It is exceeded only by the U. K. where 57 per cent. is touched at the top. Sweden has 56 per cent., United States 51 per cent., West Germany 41 per cent. and Japan 39 per cent. So we are just next to the U.K., while not being in the position of industrial development which the U.K. has enjoyed for many years.

Similarly, indirect taxation through excise duties levied last year has been disproportionately high. Many of us opposed the excise duties last year. I remember we divided the House. But Parliament passed the excise duties. We bow to them. But the fact remains that all the taxes, direct and indirect, whether on the rich or on the poor, have exceeded the limit of safety.

The question arises whether the law of diminishing returns has set in. This is a matter of opinion. I would only quote from an article written by a Minister of the Government, Shri A. K. Sen, which was published in the Economic Journal of the A.I.C.C. on November 15, 1937. And what he says there applies today because no relief

in the taxation that prevailed in November 1937 has taken place or is proposed. This is what Shri A. K. Sen, a Minister of the Government, says there:

"The yield from Income-Tax indicates the operation of the law of diminishing returns. The structure of Income-tax is tending to reduce the incentive of the entrepreneur to work more and earn more."

Then he goes on to say:

"While the incidence of tax burden increased in India, there was a fall in the number of assesses, indicating that the law of diminishing returns has already set in. In other countries more taxes are paid where there are a larger number of assesses. Such trends indicate that in India the sources of personal income are drying up. And the policy of progressive increased taxation has not been yielding increased revenue. Government will not be able to realise increasing yield of taxes unless the income of the people expands at the same time at least proportionately."

In so far as indirect taxes are concerned, Mr. Sen comes to the same conclusion:

"As the total yield from Income-tax is falling, Government are depending more on taxes on consumption expenditure which would ultimately lead to a diminishing return from this source also."

Sir, I have cited this opinion because I do not suggest that anything that I might feel is of very much importance, but when a Minister of the Government has come to these conclusions, certainly his conclusions deserve careful examination and thought.

The effect on savings of all this is very direct. The fact that we were not able in the last two years to raise

the savings that were anticipated by the Planning Commission is on record. The fact that we do not propose to find them this year also has been conceded, up to a point though not adequately, by the Finance Minister's predecessor. The Study Group of the Planning Commission has dealt with this point directly in a publication called *The New India* where they say—here again I am quoting from the Study Group on the Planning Commission:

"The dilemma is that if Government takes too much in taxes and loans it will dry up money needed by Private enterprise for expansion."

This is the dilemma, and the facts have already shown that it is in the operation. It is, therefore, Sir, that I suggest that with this pattern of taxation which has gone beyond the needs of the case, a thorough re-examination from scratch, with a clean mind, with an open mind, is necessary, so that we may not be bound by the preconceptions of the past year or two.

Finally, there is a very important reason why the taxation structure needs to be re-examined and overhauled. And that is the increasing awareness in our country and in Government of the need for investment in this country of foreign equity capital. I am very glad that in recent weeks and days this awareness has been given expression to boldly and straightforwardly. But then, if we want foreign equity capital to come to India, have we done anything in this budget or are we proposing to do anything which will make the climate more acceptable for it? Last year, on 27th November, 1957, while opening a debate on the Finance Minister's visit to America and the Western countries, I had occasion to list half a dozen concrete detailed measures of a rather modest nature which would do something to attract foreign capital to this

country. It is not important what my suggestions were. But those suggestions were repeated, more or less in similar terms, by an important report commissioned by the Finance Ministry themselves from the National Council of Applied Economic Research in Delhi. And the report of the Council has been made available to Government and is before it for many months. That report makes many concrete suggestions for modifications which would help foreign capital to come to this country.

I am sorry to say that in this budget not one of the suggestions have been given effect to, not even the smallest or the most insignificant. On the contrary, there is one change in this Budget which I hope will be dropped as it moves exactly in the opposite direction from the recommendations of the Council of Applied Research and the recommendations of the Industrialists' Delegation to the United States and Europe contained in their report to Government last year. It was felt that the relief given to foreign personnel in this country was too restricted. Because it was restricted to technicians, managerial personnel, whom we may call technical in a certain sense and whom we also need unfortunately at this stage of our economic development, were ruled out from the benefits of certain concessions of current taxation. One would have thought that the technicians' definition would have been widened to include essential managerial personnel, but one is rather upset to find that the suggestion made in the Budget is that the definition of technicians should be further narrowed down, far from making it elastic to meet the existing cases which have been brought to the attention of the Government. Now less foreign technicians will be able to get these benefits than were able to get last year. This is very unfortunate way to meet suggestions made by a learned body whom Government had invited to make proposals in this behalf.

[Shri M. R. Masani]

I now come to a concrete point on which I would like to say, something, and that is the important issue of the development rebate. The history of the development rebate is that, since the end of World War II, there was a tremendous increase in the cost of plant and this increase in the cost of plant was accentuated by higher rates of taxation. This made it difficult for joint stock companies in the industrial field to set aside out of profits adequate sums for replacement or expansion of plant which they needed. Therefore, the Finance Act, 1955, gave a development rebate, i.e. an assessee installing new plant was given a special taxation allowance in respect of the year of installation. The quantum of this allowance was 25% and half of this, i.e., 12½%, was roughly the saving in taxation to the party putting up a new plant. This rebate was in respect of expansion that had already taken place and not for future expansion. The amount was available immediately for the repayment of debts or obligations undertaken in creating this plant.

This year, the Finance Bill had some amendments on this subject. I am very glad that the hon. Finance Minister in introducing this Bill in the House has been good enough to approach this problem with an open mind, and if I may say so, also the amendments that I had tabled before he made his speech. I would say that the amendments that he has introduced go half way, and I am very happy that he has done so. I think he has shown an understanding of the facts that were placed before him. But I wish that he would realise certain difficulties. I would mention certain difficulties that still remain so that he might even now consider whether further trimming of this proposal or provision is not possible.

The original proposal was that the whole of the development rebate should be debited to the profit and loss account. Now the hon. Finance

Minister has said that 75% or three-fourths may be so debited. This undoubtedly takes away some of the deterrent effect on investment which the original proposal would have had. If a company makes a small profit, say of Rs. 2 crores and their development rebate is Rs. 10 or Rs. 15 crores, then obviously if only three-fourths of the profit has to be debited in the first year, 25% remains for distribution of dividend. The shareholders of the company will not be penalised for going in for economic development in the same drastic way as if the Finance Bill had remained as it was originally introduced. So, some concession has been made. But even so the position today remains that a company which wants to go in for expansion if it goes to the shareholders and say: "We want to go in for so many crores of expansion. We shall get a development rebate but the price of the rebate will be that for two or three years you will not get any dividend". I think there are few groups of shareholders, however patriotic they might be, who will cheerfully agree to such a proposal. They will say: "Why should we be punished if the country needs expansion? Why should we be denied a dividend?"

When expansion takes place the normal functioning of the plant is affected, either it stops or the production goes down to half, one-third or one-fourth in the year when the plant is installed. In the very first year, one cannot afford to find these funds. I had tabled an amendment to the effect that only the tax saving should be put aside and debited to the profit and loss account. That would be fair. The Electricity Act, which deals with this matter, provides exactly this precedent in that only the tax saving element, i.e., 51½%, is to be set aside, that is, the money that the Government gives to the party cannot be distributed but the company's own money is not interfered with. I still feel, and with all respect suggest to

the hon. Minister, that the Electricity Act provides a very good and fair model and that 51½% or whatever be the tax saving element should be the amount which should be put aside, and not 75% which is well in excess of that amount. However, if the hon. Minister does not accept the suggestion, I will not press the amendment because I realise that he has partly met this difficulty.

But, one thing which does need amendment, and I would urge of the Finance Bill is that part of Clause 10 which says that for ten years after the installation of the plant cannot sell or transfer it to anyone except to the Government. This does not appear to me to flow from the amendments that the hon. Finance Minister has introduced. There are occasions such as amalgamation or the scrapping of obsolescent plant which may take place in less than ten years sometimes and the mortgaging of the plant which is a transfer in law, when it should be enough if Government's permission is obtained. What I am suggesting to the hon. Finance Minister is: Why be so rigid in demanding that the plant should be transferred to Government? Will you agree if, instead of transferring it to Government, it may either be transferred to Government or transferred to somebody else with the approval of the Government? Transfer with the approval of the Government would be perfectly adequate to stop any abuse or misuse of this concession. Buying plant every year and selling it would be abuse of the development rebate system. Taking it three or four times in ten years is not a practical proposal, but the amendment that I am suggesting i.e. "to Government or with the approval of Government" would meet this difficulty because Government would not approve of quick purchases and sales for the sake of making profit out of the development rebate. I do think in all sincerity that this amendment, which says that a private party cannot sell or transfer the plant to anyone, but only to Government or to any

other party with the approval of the Government, should be acceptable to the hon. Finance Minister.

Then I address one last enquiry to the hon. Finance Minister as to certain facts. When I spoke in the Budget Debate I had given certain figures in regard to deficit financing, from official records which appeared to be accurate. Those figures were that during 1956-57 there was deficit finance of the order of Rs. 216 crores. In 1957-58, it was Rs. 380 crores, and in 1958-59, according to the Government there will be deficit finance of Rs. 205 crores but according to me, because of short-fall in savings, there will be deficit finance of the order of Rs. 300 crores. So, I arrived at a total of Rs. 896 crores of deficit finance in the first three years of the Second Plan. Now, the hon. Finance Minister's predecessor in reply gave a total of Rs. 760 crores in the first three years of the Plan. He did not break it down year by year but in his speech, quoted on page 7380, he says that he expected a figure of Rs. 380 crores for 1957-58 and the figure for 1958-59 is in the budget, i.e., Rs. 205 crores. That leaves during 1956-57 a deficit finance of only Rs. 175 crores. I have never seen that figure quoted by Government or by the Planning body up to this day and I am puzzled as to where this figure comes from. Since that debate, the *Hindustan Times* in a well-informed article on 1st April, 1958, has given these figures. For 1956-57 it gives the figure as Rs. 250 crores, for 1957-58 as Rs. 400 crores instead of Rs. 380 crores, making it Rs. 650 crores in the first two years, contrary to the hon. Finance Minister's predecessor. It would be good if the country could know the official figures of deficit finance for the last two years and for the current year. When the hon. Finance Minister replies, I hope he will clarify this matter because I think the country has every right to know how much deficit finance has actually taken place in the

[Shri M. R. Masani]

last two years and what is proposed in the coming year.

Shri C. D. Pande: Mr. Speaker, Sir, it is indeed rather fortunate for the hon. Finance Minister that he has the easiest time this year. Unlike former years, the Finance Bill is not encumbered by substantial amendments to such revenue acts, like the Excise Duty Act or the Income-tax Act. That is a good feature of this year's Finance Bill and we welcome it. I have to congratulate the Finance Minister on various things that he has done; from the time of assumption of office he has taken certain measures which have been welcomed by the industrialists of this country.

18 hrs.

Apart from these there are certain things which he has totally omitted to do. The first is the raising of the income-tax exemption limit. The Finance Minister, along with the Prime Minister, made emphatic statements that there is no room for raising the exemption limit. In spite of their emphasis on this point, I still maintain that there is a case for raising the income-tax limit in the lower level.

Two years ago it was Rs. 4,200. Things are much worse than they were two years ago. Life is more costly today than it was two years back. It is said that people have to know that the Plan is on, that they have to contribute their mite for the success of the Plan. May I ask: are they not contributing a great deal by way of excise duties? Everything that they purchase, everything that they consume is paid for and a certain part of it goes to Government in the shape of excise duties. The high cost of living itself is enough indication of the fact that people are aware of the Plan. Therefore, to tax them further is not justified.

All of us know that the Pay Commission, as an interim measure, has recommended Rs. 5 per month to

every employee who gets less than Rs. 300 per month, the amount being adjusted in the case of those drawing between Rs. 250 to Rs. 300. If there is a case for giving them a relief of Rs. 5 per month, is it logical that you should ask them to pay Rs. 2 per month. This is absurd. Government should reconsider this matter. Either the decision to give them additional relief of Rs. 5 per month is wrong, or the Government decision to lower the exemption limit. If the category requires a relief of Rs. 5 per month, the amount they are asked to pay by way of income-tax is a great deal. Therefore, this exemption limit should, in my opinion, be definitely raised to Rs. 4,200, because life is costlier and there is no case made out for lowering the limit.

The Finance Minister and the Prime Minister were emphatic last year and the House kept quiet. But I want to raise this point that this question should be reopened and the limit should be raised to Rs. 4,200. It is said that in England the limit is much lower than this. First of all, I question this statement, because even in England it varies from £300 to £450, the old age limit being £450 and for unmarried persons £300. Those who are aware of the social conditions obtaining in England know that in England life is quite different. Social life is well organised; it is cheaper to live in England with a certain standard of living. If you want to live in a high standard, it is cheaper to live in England, with the same amount of money, than it is here. There are so many things provided by the State: medical aid, cheap transport etc. etc. It is much cheaper to travel in London than in Delhi. Therefore, comparison with foreign countries is not on all fours.

Apart from this English social life is quite different. Have you ever seen a single dependant in an English family? No girl, or no boy who

is more than eighteen is allowed to stay in the parent's house. A girl as soon as she reaches the age of eighteen has to pay for her boarding and lodging in her own father's house. Here there are nephews and nieces, parents and grandparents, father's relations and mother's relations all to be provided, and you cannot ignore the responsibility. Therefore, to quote the English system that because there is a limit of £300 it should be followed in this country, is absolutely wrong. I hope that the Finance Minister, in spite of the emphatic remark of the Prime Minister will reconsider this matter and raise the limit to Rs. 4,200, if not more.

This is only for raising the limit of income-tax. But there are more fundamental things which are expected from the Finance Minister. He has to lay proper emphasis on the economic policy of this country. Of course, we all know that we have made clear our economic policy. It is a policy based on mixed economy. This has been reiterated in various resolutions from time to time. We do stand by it, but a proper emphasis has to be laid on it. There are, for example, three categories of industries in this country. Apart from the Railways and Posts and Telegraphs, there are the iron and steel, electricity, coal and many other industries of this type. In this sphere we want that the State should zealously guard its interests and make the sphere so prosperous and well-managed that the people should say that the private sector should emulate the public sector, and take lessons from it.

Then there is the second category of industries. If Government thinks it convenient, it can take those industries. If the private sector has the capacity to run them, they may do so. It is a mixed category. Then there is the third category which is wholly left to the private sector. Again and again it is mentioned in this House as well as outside that

the private sector is being given certain benefits at the cost of the public sector. I think it is a wrong notion to believe that there is any difference between the State sector and the Public sector, because in this country it is all national sector. Who does not know that even the private sector, if it is well managed, and provided the taxes are properly collected, would pay 50 per cent. of the profits to Government? Thus every textile mill, or jute mill or tea garden belongs more to Government than to the shareholders, provided you realise the taxes properly. My hon. friend Shri Ranga knows that under the Corporation Tax 51 per cent of the profits of limited companies to Government; so that if a company earns Rs. 2 crores as profits, one crore belongs to Government and the other crore goes to the shareholders. Even on that Rs. 1 crore which goes to the shareholders they have to pay income-tax, to the extent of 80 per cent. or more as Shri Masani suggested a few minutes ago.

I do agree that severe measures should be taken to realise the taxes from persons from whom they are due and there should be no leniency shown as far as collection of taxes is concerned. Having decided that the industries will be managed on a certain principle, and having apportioned the spheres as between the public and the private sectors carping criticisms and complaints that the private sector is encroaching on the public sector is not justified. The State is too big and too powerful to harbour any grudge against the private sector. The private sector belongs to Government and very existence is dependent on the pleasure of the Government. Therefore it is the duty of the Government to see that both prosper.

Apart from this I have got another pet theory. You are curtailing the consumption of consumer goods. Consumer goods are being produced

[Shri C. D. Pande]

in lesser quantity, comparatively speaking, than they should be. My opinion is that the Plans will last for many years. You can ask the people to curtail their luxuries; to be austere to make savings for some time. Our First Plan lasted for five years; the second plan will last for five years; then we may have the third and the fourth Plans. You cannot expect people to practise austerity the whole of their life. It is very nice, it is very encouraging that in this country we are establishing big steel factories, big fertiliser plants, heavy water plants, big locomotive works. We are proud of them. If we go on doing this and side by side we do not produce goods consumed by the people, that would be an unbalanced economy. What is the aim of production by all these big plants? The ultimate aim is consumer goods. You must produce food, you must produce cloth, you must build houses and other social amenities. Or, there is no use for all these steel plants and big plants. For example, this year and for the last two or three years, there is a tendency to slow down the progress in the textile industry.

Shri Ranga: It is no selling. We have got stocks.

Shri C. D. Pande: I am coming to that. It is said that stocks are lying. My complaint is not that stocks are lying. My complaint is that the capacity to purchase has not gone up correspondingly with the progress of the Plan. You say that the national income has gone up and the people are paying a bigger amount as taxes. The aim of the second Plan was that the people should be in a position to consume 18.5 yards per capita. Today, we have not even reached 16.6. There is no possibility of realising that figure. The progress is so slow between 1956 and 1957 and I do not see that even in 1958, we will reach that figure. The Second Plan is coming to a close after two or three years. We do not expect that we will reach that limit

of 18.5 yards per capita, by 1960. Therefore, my apprehension is that we are not laying the proper emphasis on consumer goods. Of course, there is some increase in cement. Even in cement, the progress is slowed down. It is 5½ million tons. It may be 6 or 7 million tons. I doubt if it would be 14 or 16 million tons by 1961. Therefore, proper emphasis has to be laid on the production of consumer goods also.

I am really afraid that Government have not done anything and that they have kept almost absolutely quiet on the biggest problem facing this country, that is the problem of unemployment. There are questions now and then that the Members ask the Government as to what is the number of unemployed persons. But, I say, the problem has not been tackled as a major problem of this country. We should give a concrete shape to the solution as you are doing for the Plan. You are making a plan and then you are taking one step after another step. No visible step has been taken with regard to the tackling of the unemployment situation. This is a major problem of the country and the Government should come forward with definite measures to eliminate unemployment situation. This is a major problem of the country and the Government should come forward with definite measures to eliminate unemployment at least among the educated people.

My third point is, we think that because we have found out the very nice formula of deferred payment, our problems are solved. This is an erroneous idea. After all, what is deferred payment? It is accommodation by a bank or by a firm or foreign country for a certain number of years, 3 or 4 or 5 years. In my opinion, 1961 will be the most difficult year. We think that because payment is deferred till 1961, everything is all right. The psychological

trend is like this. It is quite all right that we get over the present difficulties. But, it is only putting off the difficulty by 2 or 3 years. The real substitute for deferred payment is that we should invite, encourage foreign capital. As we are sending deputations to foreign countries and asking them to lend us money, in the same manner, we should invite foreign capital to come into this country. A suitable climate should be created in this country. In my opinion, foreign capital in this country is much preferable to a loan of that very size. Let me give an illustration. When we get a loan of Rs. 100 crores, and pay interest at 5½ per cent, in six years, we would have paid Rs. 63 crores both by way of capital and interest. If Rs. 100 crores were invested in industries either in collaboration with the Government or with private capital, you only pay a reasonable dividend of 6 or 7 or 8 per cent. After payment of taxes, I do not think there are many companies which make more than 8 per cent. You only pay 6 or 8 per cent as dividend. The sum of Rs. 100 crores that they have spent will be assimilated in the economy of the country. We have seen that in the last 50 or 60 years, the Britishers or other people invested crores and millions of rupees in this country. They have left this country. They take away the dividend. Our country is richer today and the canals, etc. and all the plants that you see in the country are there because the foreigners have invested money and the industries are there. Therefore, there should be a systematic campaign to encourage foreign capital in this country. We should not be ashamed. We should not think that because the Americans are investing money in this country, because the Germans are investing money in this country; we are being bound down or that foreign capital is invading this country. This mentality should go. Our Finance Minister is in a position to tell this House that we are not ashamed of this. We are not afraid of this fore-

ign capital coming into this country. We are not afraid that a loan from Russia or America is in any way binding us hand and foot. As it is not doing so, in the same manner, any capital coming from other countries and being invested in this country will not bind us down. These are the main things on which we should lay the proper emphasis.

Shri Naushir Bharucha said that there are men who think that the Plan is too ambitious. Some people say that it is not ambitious. It is a perfect plan and we are in a position to fulfil the plan. Our country has shown a remarkable capacity to pay taxes. Who could imagine five years ago that we could raise Rs. 1000 crores a year apart from the regular budget. Every year we are spending Rs. 1000 crores and it looks as if we are doing nothing. I do not agree with the people who say that you cannot raise Rs. 4800 crores and that your Plan is too ambitious and so it has to be curtailed. In the two years, we have already spent Rs. 1500 crores. We expect to spend Rs. 1000 crores this year. The progress and the momentum will grow and we will be in a position to spend the balance of Rs. 2300 crores. I am confident we will have the resources because the world is satisfied with our sincerity to develop things. Our solvency, our honour is so great and we will get money from all parts of the world without strings. There should be no occasion for apprehension that our resources are short. Our people are imbued with the idea of helping our industries and therefore they are paying money, which we could never have expected. No Finance Minister in the past would have expected that this country will be willing to pay Rs. 1000 crores every year. Even if a loan is taken from other countries, it is a payment by this country. Therefore, when I say Rs. 1000 crores, I include the loans which will also be a contribution from the country. That much of taxation the country can bear. If you can show results, the people will pay cheerfully.



[Shri C. D. Pande]

One set of people say, you are falling short of expenditure, you are not able to spend. The same set of people say, your resources are too small. We are correct in one thing. We are falling short of expenditure. If that is so, we should be glad because our resources are not expanding as we spend. My idea is, it is better to spend less, but spend carefully. I want again to emphasise one thing. There is room for saving in all departments of the Government. There is room to save at least 5 per cent. Be it Bhakra-Nangal, or Bhilai or Durgapur, a five per cent saving can be done anyway. There are many things to which Shri Tyagi referred in his Budget speech. There are many things in which a greater percentage of economy can be effected. Even if we put it at five per cent throughout, since we are spending almost Rs. 1600 crores a year, we can save Rs. 80 crores; and Rs. 80 crores every year is not a small sum. Everybody admits that there is room for a saving of at least five per cent. Therefore, economy should be our watchword. But we should not mind spending where its full benefit is being derived by the people and by Government.

In conclusion, I congratulate the Finance Minister for his good luck in having a clear and perhaps the easiest passage for his Finance Bill this year. At the same time, his task is difficult because he has to give a new shape and a new life to our economy, and he has to enthuse the people that things are sound, that we are not going down and that we are not crumbling. He has to create that prestige and confidence in the people. I hope that as he has robust commonsense he has also got the strength of power and strength of conviction and, therefore, he will succeed.

Dr. P. Subbarayan (Tiruchengode): I am only going to deal

with the cess on cotton cloth with which my part of the country is concerned. Fortunately, the Commerce and Industry Minister has announced a rebate of a further anna, making it to two annas on a yard, to handloom cloth. It is welcome, but it has been given only for two months. I do not think this will help to clear the handloom goods we have on hand in the Madras State, where the handloom weaver is very prominent. This concession must at least last till the end of the year.

There is another aspect of this question which, I hope my hon. friend the Finance Minister will consider, and that is this. We must not forget that most of the mills in Coimbatore, Madurai and Tuticorin etc. are all spinning mills, and they depend for the sale of their yarn on the handloom weaver. Therefore, the question goes round in a vicious circle. If the handloom cloth is not sold, the handloom weaver does not buy the yarn; and if the yarn is not bought by the handloom weaver, the yarn is left in the hands of the spinning mills. The result has been that the Coimbatore mills have announced 25 per cent reduction in production for the present, because there is no market for their yarn. Therefore, unless something is done in the matter of getting rid of this yarn in sale to the handloom weaver, we shall be in the position we are in now, in spite of the rebate that has been given by the Commerce and Industry Minister. This is a point which I hope my hon. friend the Finance Minister will consider while levying the cess on cotton cloth. The reduced cess, no doubt, is a good thing because a lot of cloth has been left in the hands of the mills, and so, they have got to find a market for it; I hope that this reduction will find the market they need.

I would like to make one other suggestion for the consideration of the Minister, and that is this. Instead of levying a cess of a yard of

cloth; I wish it were levied *ad valorem* for the simple reason that it will help the user of the coarse and medium cloth. For, after all, a man who is able to pay Rs. 35 for superfine cloth need not consider paying a little more by way of cess, whereas a man who buys a dhoti which is of 20 to 40 counts cannot afford to pay on the yard a cess *ad valorem* would work out better for the relief of the buyer of such cloth.

I would also like to mention that what is given as rebate would go only to the co-operative societies, but more than sixty to seventy per cent of the weavers do not belong to co-operative societies, and, therefore, their cloth is left in their hands, because of no rebate being given. No doubt, we may ask them to belong to co-operative societies. I am all in favour of that. But, at the same time, we must allow for what is happening in the country. Most of these people are unwilling to belong to co-operative societies, but still they produce the cloth, and it has to be sold. If no rebate is given to such cloth, they are not able to sell it in competition with those who belong to co-operative societies.

I would, therefore, request the Finance Minister to consider the question, and also the Commerce and Industry Minister to pay a little attention to this, because if it is their desire and their will that the handloom cloth should be sold, and the stock that is in the hands of the handloom weaver should be cleared, then it is up to them to find a remedy for such cloth being cleared; and the only way it can be cleared is by giving the rebate to all handloom weavers and not merely to the weavers who belong to co-operative societies.

So, there is the case of the spinning mills being left with their yarn on hand and also the question of the handloom weaver being left with a lot of cloth on his hand. Therefore, I would request the Finance Minister to consider this problem in all its aspects.

13-27 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

I would also like to mention for the consideration of the Finance Minister that we should stop importing of yarn. Superfine yarn, I believe, is being imported now. But I know that mills in the south, in Madurai as well as Coimbatore, produce up to one hundred counts, and this can be utilised in the mills which weave the superfine cloth; they could buy from the mills in the south and use it in the weaving areas.

Shri Morarji Desai: On a point of information. Mills are not importing superfine yarn from outside; they are producing their yarn. It is the handloom weavers who want this superfine yarn. It is not obtainable here, and we are trying to produce it.

Dr. P. Subbarayan: I am glad to be corrected in this matter, because I was given the impression that yarn was being imported. Therefore, I would like to plead that it is not the handloom weaver who wants this superfine yarn...

Shri Morarji Desai: He does want it.

Dr. P. Subbarayan: To a certain extent, he does, no doubt, but he can get all he needs in the south, as they are producing even one hundred counts in the south. I know it from experience.

I would like that some amount of relief be given to the handloom weaver by the rebate being continued longer than the two months' period that has been allowed at least till the end of the year so that he will get some relief to sell his cloth, because I do not think that two months would suffice to clear off the stocks, as I mentioned before. Therefore, I would like the Finance Minister to consider this aspect of the question.

श्री जूनाझाणा (भागलपुर) : उपाध्यक्ष महोदय, मेरी इच्छा प्लेन पर बोलने की थी, परन्तु उस दिन बीमारी के कारण

[श्री: कुनकुनबाबा]

नहीं था सका। मैं जब यह देखता हूँ कि किस तरह हमारे देश में कर पर कर लगाये गये हैं और करों से जो आमदनी होती है उसको किस तरह खर्च किया जाता है तो मुझे अफ़सोस में साथ कहना पड़ता है कि हमारी जो एकानमी है वह बड़े खराब रास्ते पर चल रही है। मैं बताता हूँ कि अगर हम सन् १९५६-५७ से कम्पेयर करते तो सन् १९५७-५८ में हम को १८० करोड़ ८० मिला। इस में से हमने जो प्लैन पर खर्च किया है, जिससे हमको प्रोडक्शन मिलता है और हमारे देश की एकानमी की तरफ़की होती है, वह कुल ५ या ६ करोड़ ८० है। बाकी का जितना खर्च किया गया है वह सारी की सारी रकम इधर उधर में खर्च कर दी गई है। सन् १९५७-५८ में हमारी प्लैन पर रेवेन्यू से खर्च किया गया ६१.५ करोड़ ८० और सन् १९५६-५७ में खर्च किया गया था ५६ करोड़ ८०। इसके माने हैं कि करीब ५.५ करोड़ ८० हमारे प्लैन के प्रोडक्टिव कामों में ज्यादा खर्च किया गया। बाकी का सारा ८० हमारे खर्च में चला गया है। इसी तरह हमारा काम चलेगा तो हम नहीं कह सकते कि किस तरह हम अपनी एकोनामी को सुधार सकेंगे।

अब खर्च की हालत में बताता हूँ। सन् १९५५-५६ में हमारे रेवेन्यूज से ४११.४७ करोड़ रुपये की इनकम हुई, सन् १९५७-५८ में ५५७.६० करोड़ रुपये की इनकम हुई और १९५८-५९ में ५७२.३४ करोड़ का एस्टिमेट किया जाता है। अब इधर हमारी बड़होत्री कुछ हुई है लेकिन यह बहुत कम हुई है करीब १५० करोड़ के हुई है और इधर टोटल एक्सपेंडिचर में हमारा खर्चा सन् १९५१-५२ में ३८१.४० करोड़ और १९५६-५७ में ७१२.०४ करोड़ रुपया हो गया है। खर्चा हमारा प्रायः दुगुना हो गया है और हमारी इनकम १०० करोड़ बेसी हो गयी है। मैं वित्त मंत्री महोदय से यह

पूछना चाहूंगा कि आपका किस तरह से काम चलेगा? आप जो टैक्स लोगों से लेते हैं उसका क्या रेट है? वह हमारे दूसरे देशों की अपेक्षा कम नहीं है बल्कि बहुत से मामलों में अधिक रेट है। जो भी कोई एक नई चीज हमारे यहां देखी जाती है वह हमारे यहां डूंस दी जाती है परन्तु हम उसका व्यवहार कैसे करे यह नहीं जानते हैं। आप भले ही इससे भी ज्यादा टैक्स लगा दें परन्तु उसके खर्च की ओर भी आपको देखना चाहिये कि जो टैक्स देने वाले हैं जिन लोगों से हम टैक्स लेते हैं वह लोग उनके पास रुपया रहने से वे उस रुपये का किस तरीके से व्यवहार करते हैं और किस तरीके से वह प्रोडक्शन करते हैं, उसकी ओर भी आप देखें। एक ओर आप ऐसे लोगों से रुपया खींच लेते हैं जो लोग कि आपके यहां प्रोडक्शन करते हैं और आपकी एकोनामी को बढ़ाते हैं और वह रकम ले कर के आप क्यों खर्च में बर्बाद करते हैं तो इससे तो एकोनामी बढ़ेगी नहीं। इससे तो हमारे देश की उन्नति नहीं प्रगति होती जा रही है।

मैंने अखबार में पढ़ा था कि हमारे वित्त मंत्री महोदय बड़े भाषावादी हैं और उनका यह खयाल है कि हमारे देश की एकोनामी खराब नहीं हो रही है और अच्छी है। मैं खुद भी यही चाहता हूँ और सदा इधर से यही प्रार्थना करता हूँ कि उनकी बात सफ़ली-भूत हो परन्तु जब मैं उन भांकड़ों को देखता हूँ तो मुझे यह समझ में नहीं आता कि किस तरीके से यह चीज बढ़ रही है और किस तरीके से हमारे देश की तरफ़की होगी। हमारे भाई श्री अशोक मेहता ने इन सब बातों को बहुत अच्छी तरह से आप लोगों को समझाया है और बतलाया है कि किस तरीके से हमारी एकोनामी खराब हो रही है और गड़बड़ हो रही है। अब देखिये हमारे गरीब मुल्क में जिसने हास में स्वाधीनता प्राप्त की है उस ने १५०० करोड़

रुपये का भ्रम विदेशों से मंगवाया है। जब हम भ्रम का प्रोडक्शन देखते हैं और जो तरीके देखते हैं कि किस तरीके से वह पैदा किया जाता है और भ्रम प्रोड्यूस करने वालों को क्या भाव मिलता है तो आप देखेंगे कि यह चीज जो चल रही है वह दूसरी चीजों के भाव की अपेक्षा कोई बहुत अच्छे तरीके से नहीं चल रही है और बहुत ही खराब तरीके से चल रही है।

भ्रम में आपको एक बात बतलाना चाहता हूँ। हमारे यहां करीब ३८ करोड़ एकड़ जमीन कल्टिवेट की जा रही है जिसमें से कि ५० लाख एकड़ जमीन ट्रैक्टर्स आदि से कल्टिवेट होती है यानी करीब १ परसेंट जमीन ट्रैक्टर्स आदि से बोई जाती है बाकी हमारी जितनी भी जमीन है वह सारी बैल आदि साधनों से बोई जाती है। परन्तु आप उन चीजों की अवस्था को देखिये, उन बैलों और एनीमल्स की अवस्था को देखिये। उनके खिलाने के लिये हमारे पास चारा नहीं है। उनकी ओर हमारी सरकार बिल्कुल ध्यान नहीं देती है। वह समस्या है कि यह चीज ऐसी है जो पड़ी रह जायेगी। हम लोग तो ट्रैक्टर्स आदि से ही सारा काम निकाल लेंगे। जो हमारी ९९ परसेंट जमीन बैलों आदि से जोती जाती है उनकी तरक्की के लिये आप कुछ भी नहीं करते हैं। भ्रम किस तरीके से हमारी भाग्य यह एकोनामी बढ़ेगी और किस तरीके से हमारी भ्रम की पैदावार में बढ़ोत्तरी होगी? आप १३०० करोड़ रुपये का भ्रमाज जो बाहर के देशों से मंगाते हैं और हर साल मंगाने का प्रोग्राम बनाते हैं, यदि हम बाहर से भ्रम न मंगा कर अपने ही देश में काफी भिक्षुकार में भ्रम उपजायें और उसके लिये यहां पर अच्छे तरीके से इंतजाम करें तो हम बाहर के फ़ारेन एक्सचेंज को बचा सकते हैं। बार बार इस बात को कहा जाता है परन्तु हमको सरकार की ओर से कोई सन्तोषजनक उत्तर नहीं मिलता है कि किस तरह से यह चीज की जाय। भ्रम जो हमारी जमीन

बैल आदि से जोती जाती है वह बहुत भ्रमची तरह कल्टिवेट नहीं होती है। उनके पास जैसा मैंने पहले भी कहा था कि सब चीज मुहैया नहीं है, न उनके पास पैसा है न उनके पास बीज है और न उनके पास इरिगेशन की सुविधा ही प्राप्त है। बार बार पेपर में निकलता है और यह बात कही जाती है कि भ्रम की पैदावार बढ़ाना बहुत जरूरी है। देश में भ्रम की पैदावार बढ़ाना सब से जरूरी काम है। लेकिन मुझे खेद के साथ यह चीज कहनी पड़ती है कि भ्रम की पैदावार किस तरह से बढ़ाई जा सकती है और उसके लिये किन्तु किन चीजों की व्यवस्था करनी चाहिये, उस ओर हम ध्यान ही नहीं देते हैं। उन लोगों की क्या क्या आवश्यकतायें हैं, उनकी क्या क्या जरूरयात हैं उनको हम लोग पूरा नहीं करते हैं। हम लोग केवल इसी बहस में लग जाते हैं कि कोआपरेटिव्स होनी चाहिये या बिना कोआपरेटिव्स के यह काम होना चाहिये या किस तरीके से होना चाहिये। हम केवल थ्योरेटिकल डिस्कशन में लग जाते हैं। और जो लोग भ्रम पैदा कर सकते हैं उनकी ओर आप लोगों की नजर नहीं जाती है कि वह किस तरह से पैदावार को बढ़ा सकते हैं। उनकी क्या कमी है और उनकी क्या जरूरयात हैं उन सब जरूरयात को आप लोग पूरा नहीं करते हैं और इधर कहते हैं कि भ्रम की उपज बढ़नी चाहिये। यह भी कहते हैं कि जब तक हमारी भ्रम की उपज नहीं बढ़ेगी तब तक हमारी एकोनामी नहीं सुधरेगी। आप यह बात कहते तो हैं लेकिन मैं पूछना चाहता हूँ कि आप भ्रम इंडस्ट्रीज में रिबेट देते हैं और अन्य रियायतें देते हैं लेकिन हमारे सेतिहर भाइयों को न पानी में रिबेट मिलता है, न पावर में रिबेट मिलता है और न ही बीज आदि चीजों में उनको कोई रिबेट भ्रमवा रियायत मिलती है जिससे कि उनको भ्रम की पैदावार बढ़ाने में प्रोत्साहन मिले। कर्ज भी सही आदमियों को नहीं दिया जाता है। ऐसे आदमियों को कर्ज नहीं दिया जाता है जो कि ज्यादा प्रोड्यूस

### [श्री धनकुलबाला]

कर सकता है और जो उसका अच्छी तरह से व्यवहार करके आपको बेसी उपज करके दे सकता है। कर्जा लोन करके और छाट करके ऐसे आदमी को दिया जाता है जो कि कर्जों के लिये गवर्नमेंट को सिक्कुरिटी दे। कर्जा देते समय यह नहीं देखा जाता है कि हम जिसे यह कर्जा दे रहे हैं वह उस काम में उसको लगायेगा भी कि नहीं और वह उस रुपये का ठीक तौर से इस्तेमाल करेगा कि नहीं। सरकार की तरफ से कर्जों के लिये रुपये देने में कोई कमी नहीं है लेकिन जैसा मैंने पहले कहा सही आदमी को जो कि उस रुपये को उसी बेती बाड़ी के काम में लगाये उसको न दे कर गलत शास्त्र को दिया जाता है जो कि उस रुपये को दूसरे काम में ले जाता है। ऐसे आदमियों को रुपया दिया जाता है। जो आदमी उस रुपये को काम में लगा सकता है और उससे उपज बढ़ा सकता है उसको वह रुपया नहीं दिया जाता। जो बड़े बड़े इंडस्ट्रियलिस्ट हैं और जो बड़े बड़े लोग हैं उनको रुपया मिलने में इतनी दिक्कत नहीं होती। वह सीधे दिल्ली आते हैं, बात-चीत करते हैं और उनको रुपया मिल जाता है। मैं अपने अनुभव से कहता हूँ कि यदि बेचारे किसान को सी रुपया लोन लेना होता है और उसको लेने में उसका पचास रुपया तो खर्च हो जाता है और उसको उसके लिये इधर उधर जाने में बड़ा तरद्दुद उठाना पड़ता है। उसकी इस दिक्कत की ओर कोई भी ध्यान नहीं देता। उसको अपना काम छोड़ कर रुपया लेने जाना होता है। वह देखता है कि उसके बदले में उसको कुछ नहीं मिलता। इसलिये वह हताश हो कर अपने घर पर बैठ जाता है। तो मैं सरकार को पूछूंगा कि वह बतावाये कि वह इसके लिये क्या उपाय कर रही है। बहुत बार इसके बारे में बहस हुई है। हमारे जो कृषि मंत्री हैं वह यह कह देते हैं और बड़ी सहुलियत से कह देते हैं, कायदे वह कानून पड़े होंगे, कि यह हमारी जिम्मेवारी नहीं है, यह तो स्टेट गवर्नमेंट की

जिम्मेवारी है। हम मानते हैं कि यह स्टेट गवर्नमेंट की जिम्मेवारी है। परन्तु रुपया तो आप देते हैं। आप स्टेट गवर्नमेंट से पूछिये कि आप जो रुपया हम से लेते हैं उसका व्यवहार किस तरह से करते हैं, उसके बदले में आप हमको देते क्या हैं। आप हमारी उपज बढ़ाते हैं या नहीं। यदि आप हमारी उपज नहीं बढ़ाते हैं तो हम आपको रुपया नहीं देंगे। यदि आप इस तरह से नहीं करेंगे तो कैसे काम चलेगा ?

यह बड़ी सुधी की बात है कि हमारे वर्तमान वित्त मंत्री महोदय काम करने में बहुत ही स्टुट हैं। अगर वह एक बात को समझ लेते हैं कि यह ठीक है तो उसके ऊपर उतारू हो जाने हैं, किसी न किसी तरह से उसको काम में लाकर यह देखते हैं कि वह सफलीभूत हो और सफलीभूत करना उनका ध्येय सा रहा है। अगर वह एक बात को पकड़ लेते हैं तो उमर पीछे पड़ जाते हैं। मैं बार बार उनको यह सुझाव देना चाहता हूँ कि जब तक आप उन लोगों को सहुलियतें नहीं देंगे जो कि वास्तव में आपकी उपज को बढ़ा सकते हैं, तब तक आपकी इकानमी नहीं उठ सकती। उन लोगों की दिक्कतों की तरफ हमारा काफी ध्यान नहीं रहता और हम बाहर से गल्ता मंगा लेते हैं। भगवान की कृपा से हमारी बाहर साख है, हमारे प्रधान मंत्री जी की सब जगह इज्जत है, इसलिये अगर हम चाहते हैं तो हमको बाहर से गल्ता मिला जाता है। परन्तु यदि हम इस सहुलियत का दुरुपयोग करेंगे तो उसका नतीजा अच्छा नहीं होगा। हमको इसका सदुपयोग करना चाहिये। अगर हमको बाहर से गल्ता मिल सकता है तो हम इस बात का ध्यान रखें कि हम उसको केवल उसी समय लें कि जब हमको बहुत आवश्यकता हो। पर हमारा ध्येय बड़ी होना चाहिये कि इन चीजों को हम अपने यहां ही उपजायें।

हमारे यहां दूध की कमी की एक बड़ी समस्या है। शायद हमारे वित्त मंत्री जी इस पर सोचते होंगे। हमारे यहां बाहर से मिल्क पाउडर आता है। लेकिन हमारे यहां सन् १९५१-५२ से देश में पांच करोड़ मन प्रति वर्ष दूध की कमी हो गई है। तो मैं वित्त मंत्री जी से पूछूंगा कि क्या यह बुरी हालत नहीं है। आप सोचें कि दूध की जो घामबनी होती है वह किन लोगों की होती है और किन लोगों का इससे पेट भरता है, किन लोगों को इससे रोजगार मिलता है। मैं उनसे कहूंगा कि वह इससे प्रति ध्यान दें। इसको लिये कोई प्रेक्टिकल स्कीम बनाएं। मैं जानता हूं कि इसमें दिक्कतें बहुत हैं, बहुत से आबसियाँ से काम लेना है, परन्तु यदि ऊपर से हम लोग प्रोत्साहन देकर पेश करें और प्रयत्न करें कि जो काम होना है वह सहूलियत से हो, तो नीचे वाले भी उभी नीति का अनुसरण करेंगे।

अब आप देखें कि हमारे यहां कम्युनिटी प्रोजेक्ट्स हैं। जैसा कि मैंने आपको बतलाया इस पर खर्च बहुत होता है। लेकिन वह खर्च खास चीज के लिये नहीं होता है। मेहता साहब की रिपोर्ट में बतलाया गया है कि जो भी खर्चा होता है वह उन लोगों की ऐमेनिटीज के लिये खर्च होता है। मैं भी एक गांव में गया था वहां कम्युनिटी प्रोजेक्ट है। गांव के एक किनारे ही मैंने जा कर देखा कि केवल एक घर में सेप्टिक पास्काना बना दिया गया है। लेकिन वहां पर न पानी का प्रबन्ध है और न किसी और चीज का प्रबन्ध है। यह चीज लोगों को सुनाने के लिये की जाती है कि देखो तुम्हारे यहां यह चीज भी हो रही है। लेकिन मैंने देखा कि सारा गांव गंदा पड़ा हुआ था। मैंने मुक्तिबा से मिलना बाह्य और पूछना बाह्य कि यहां की क्या हालत है तो मालूम हुआ कि मुक्तिबा साहब अपना धान बे कर मिल पर कुटवाने के लिये गये हैं। मैं दो एक बरों में और गया और पूछा कि तुम्हारी क्या हालत

है। लोगों ने मुझे बतलाया कि उनको उस दिन कोई रोजगार नहीं मिला था, पता नहीं था कि शाम को खाना मिलेगा या नहीं। उन्होंने बतलाया कि पहले तो हम धान कुटते थे लेकिन अब हमारे मुक्तिबा अपने धान कुटवाने के लिये मिल पर ले जाते हैं। तो इन चीजों की यहां पर बात नहीं होती। यहां पर तो भारी भारी प्रोजेक्ट्स पर ध्यान दिया जाता है। यहां पर लोग सोचते हैं कि वह इतने इतने भारी काम हैं, कौन छोटी छोटी बातों पर ध्यान दे। तो यह हमारी हालत है कि गांव वालों के बारे में सोचते हैं कि उनका काम तो स्टेट गवर्नमेंट करेगी और वह लोग करते नहीं। मैं अपने वित्त मंत्री महोदय से कहूंगा और प्रार्थना करूंगा कि वह उस पर ध्यान दें। जब तक हमारे गांव वालों को काम नहीं मिलेगा और वह जो काम करते हैं उसमें उनका उत्साह नहीं दिया जायेगा, उनको जिन चीजों की आवश्यकता है वे चीजें मूहम्या नहीं की जायेंगी तो उनकी जो आज खराब हालत है वह और भी खराब होती जायेगी और जब तक अब का प्रोब्लम हल नहीं होगा तब तक आपकी इकानमी नहीं सुधरेगी।

हमारी सरकार जो नीति चला रही है वह हमारी समझ में नहीं आई। लैंड पालिसी क्या हो, कोआपरेशन आदि के बारे में हम यहां पर डिसकशन करते हैं लेकिन असली चीज को हम एकदम भूल रहे हैं। इसलिये मैं अन्त में वित्त मंत्री महोदय से कहूंगा कि आप इस तरह ध्यान दें ताकि हमारे देश की उन्नति हो केवल ऊपर ऊपर की चीजों को ही देख कर उनमें न रह जायें।

**Shri Bimal Ghose (Barackpore):**  
In the course of his reply to the debate on the Demands for the Finance Ministry, the Finance Minister had stated that he would deal with the position on the resources for the Plan. But, unfortunately, in actual fact, he had not done so. I, therefore, make no apologies to revert to this very important question.

[Shri Bimal Ghose]

You may remember that when the Plan was formulated, it was anticipated that the crisis will come in the third year of the Plan. In point of fact, the crisis supervened much earlier and, as we are entering the third year, there seems to be a feeling that the crisis is over. The question is, is it really over? That feeling, I believe, was generated because of the fact that we have got promises of very large external finance only recently. I want to examine this question from the point of view of both external and internal resources.

In so far as external resources are concerned, I had intervened in the debate on the Commerce and Industry Ministry's Demands and had given my suggestions then. Therefore, I make a few bold propositions now.

Firstly, although we might be obtaining external finance, the question really is to make our balance of payments balanced in the normal way. I should like the hon. Finance Minister to tell us as to what are the obligations that he has already undertaken in so far as the Third Plan is concerned and how he now visualises that he would be able to pay or meet those obligations. I should think that our obligations would amount to about Rs. 100 crores a year only by way of interest and repayment of principal.

At one time the idea was that we shall be able to export steel and thereby meet our obligations. But, in view of the larger internal demands and the present position of world recession, I should like to know if the hon. Finance Minister still feels that he will be able to sell steel in sufficient quantities to make our balance of payments improve.

The second point is that in view of the fact that we have to depend to a very large extent on external assistance which, usually, is tied to specific projects, the shape and size of the Plan have become distorted. Because the assistance is for specific purposes we have had to proceed with schemes

which probably in the beginning we had not included in the Plan...

Mr. Deputy-Speaker: I must now repeat the request that has already been made once, twice and thrice to the hon. Members. The hon. Speaker has requested the hon. Members that they should not come to the Chair. That makes the position of the Presiding Officer embarrassing. The same purpose can be served if they send chits. I repeat that request, I hope hon. Members would observe it.

Shri Bimal Ghose: The third proposition is this. The foreign assistance has also entailed rupee expenditure and that is probably one of the reasons why rupee expenditure is increasing.

I should also like to have some information as to the quantum of foreign assistance that we may be receiving and the estimate of our requirements. When the Plan was formulated we estimated it would be Rs. 1100 crores. It appears from a Finance Ministry Publication, *External Assistance*, published in July 1957, that there was a total authorisation, up to July 1957, of about Rs. 783 crores out of which about Rs. 213 crores had been utilised in the First Plan period. The balance available for the Second Plan is about Rs. 570 crores as on July 1957. At the same time, we have run down our Sterling securities by another Rs. 400 crores. Thus, the foreign exchange available is about Rs. 970 crores. The Finance Minister has stated that in the year 1953-59, he expects about Rs. 325 crores so that the total comes to about Rs. 1300 crores, whereas our original requirements were estimated at Rs. 1100 crores. Why are we always in this crisis about foreign exchange even though the anticipation in the Plan has been more than fulfilled because if by the end of the third year of the Second Plan we get Rs. 320 crores, we should have had foreign exchange of about Rs. 1300 crores. Therefore, that point also requires explanation.

Then, I got on to internal resources. I do not want to spend much time on external resources about which I have already spoken. Now, the internal resources can be examined under three heads: taxation, savings and deficit financing. It was assumed in the Plan that over a period of five years, an amount of Rs. 350 crores would be available from the revenues of the Central and the State Governments out of the Rs. 5,000 crores that they would be able to raise. In addition Rs. 450 crores had to be raised by additional taxation. There was a gap of Rs. 400 crores. If we assume that Rs. 5,000 crores was to be raised and if we add Rs. 450 crores by way of additional taxation and also another Rs. 400 crores which forms a gap, the total comes to Rs. 5,850 crores. I would like to add another Rs. 150 crores to this figure which is the amount which the Centre will have to hand over to the States as a result of the Finance Commission's recommendations. Then the total is Rs. 6,000 crores. In the first three years, the revenues of the Centre and the States have amounted to Rs. 1100 crores, Rs. 1300 crores, Rs. 1400 crores—totalling to Rs. 3800 crores. If the revenues are of the same dimensions—they will certainly increase i.e. at Rs. 1400 crores a year, in the next two years, we will get Rs. 2800 crores. Then the total revenues in the five years would come to Rs. 6600 crores as against the requirement of Rs. 6,000 crores which was the assumed figure in respect of the Second Plan, taking into account the gap of Rs. 400 crores and the amounts that the Centre may have to transfer to the States as a result of the recommendations of the Finance Commission. Then the question is: why this stringency about internal resources? The rise of prices does not come in since we are talking of financial targets and not physical targets.

The difficulty might have arisen from two counts: the increase in defence expenditure and the increase in non-plan expenditure. I should

like to know what these amounts are. What are the figures for non-planned development and non-development expenditure? I hope the Finance Minister will not just say that it does not matter so long as expenditure incurred is on development schemes, because the essence of the Plan is that we fix certain priorities from among desirable objectives. If it is said now that there has been some development expenditure which was not in the plan but which was good, then the basis of the Plan is wanting and there is no sense in having a Plan. So, I want to know as to where we are going wrong.

In this connection, there are two things that require examination. One is the effort made by the States. It has always been less than expected. Even during the First Plan period, the States raised only 35 per cent of the resources that they were expected to raise. In the figures I have quoted I have deducted from the State revenues the assistance which the States get from the Centre so that the same figure may not be counted twice. I should like to know whether there is any machinery to find out whether the States really carry out the commitments they make. The States are becoming increasingly dependent upon the Union's revenues. Almost to the extent of 50 per cent. they are depending upon transfer of funds from the Centre and it is certainly not a very happy situation.

I also want to know whether the Government is examining the recommendations of the Finance Commission about the anomalous position of the Finance Commission and the Planning Commission going over the same subject, namely, the assessment of the requirements of the State. That anomaly should be removed. I want to know whether the Central Government has taken any decision on that matter.

With regard to taxation, let us again examine it from the point of view of direct and indirect taxation. I do not



[Shri Bimal Ghose]

think that there is any scope for very much further increase in either direct or indirect taxation. But at the same time, I do not think that Shri Masani has made out a case that there should be any concession given to the direct tax payers. There are two main reasons. One is that we know that there is a large amount of tax evasion. As a matter of fact, one financial journal has stated that the evasion is gargantuan—gigantic—evasion.... (*Interruptions*).

**Mr. Deputy-Speaker:** Some extraordinary word is used to express an extra-ordinary situation.

**Shri Bimal Ghose:** I quoted from the financial journal; it is not my word.

**Mr. Deputy-Speaker:** I am not objecting to it.

**Shri Bimal Ghose:** The estimate of evasion may be Rs. 30 or Rs. 40 crores as the Department has stated or it may be something more, Rs. 60 or Rs. 70 crores as the former Finance Minister, Shri T. T. K. stated or it may be Rs. 200 to Rs. 300 crores as Prof. Kaldor mentioned. The fact remains that there is a large evasion. All the new taxes that we have levied, the Expenditure Tax, the Gift Tax, the Estate Duty, etc. will not bring in more than Rs. 20 crores a year. So, there is no justification yet for a reduction in the rate of income-tax. As and when we are able to rope in more income by getting the loop-holes plugged and checking evasion, only then a case may arise for the revision of the rate of income-tax.

The second ground is that we find that the Government draft on private income in regard to direct taxation has decreased from 2.8 per cent in 1948-49 to 2.5 per cent in 1954-55 as will be found in the national income statistics, whereas Government draft on private income in regard to indirect taxation has increased from 4.1 to 5.3 over the same period from 1948-49 to 1954-55. Therefore, I do not think a

case has been made out for any reduction in direct taxation.

14 hrs.

Because of this incidence on indirect taxation, I believe there is a case for raising the exemption limit, for which my friend Shri Pande had pleaded. If you take the excises, the per capita incidence of central excises is about Rs. 8, and if you add the customs duty, and State excises on commodities and services the incidence will come to about Rs. 15 per head, which is not a very small figure. Therefore, I think that there is a case for raising the exemption limit on small incomes. Today, the exemption limit is Rs. 3000, and for people with two children it is Rs. 3600. I should plead with the hon. Finance Minister that he may raise it, if not to Rs. 4200, at least to Rs. 3600 as a general case.

The next point I want to take up is savings and, first I should like to have an explanation on a discrepancy which I find in two official publications. It is stated on page 347 of the *Explanatory Memorandum* that for the first two years—1956-57 and 1957-58—the net borrowings have been about Rs. 146 crores—Rs. 78 crores in 1956-57 and Rs. 68 crores in 1957-58. I find from the *Economic Survey*, on page 20, that the net public loans is stated as Rs. 213 crores. I do not know what this discrepancy is for, why at one place it is Rs. 213 crores whereas at another place I find that it is Rs. 146 crores. But there is no denying the fact that both public borrowings and savings have gone down and are not likely to reach the figure of Rs. 140 crores a year in one case and Rs. 100 crores a year in the other case.

In so far as small savings is concerned, my friend, Shri Masani stated, while speaking on the Budget that this fall in small savings means an 'anti-Plan vote on the part of the people', that it shows that they do not favour the Plan; because, that is why they are not contributing to small savings.

But I am not quite sure of that. Could it not be, as it appears to me to be possible, that this fall in small savings is due to the fact that the interest rates paid are very low? The structure of interest rate has changed in this country; even on call loans it has varied from 3 to 3½ per cent to 4 to 4½ per cent. In that context a rise in the rate of interest allowed to small savings by half a per cent, from 4 per cent to 4½ per cent, may not be enough and, therefore, I should plead that the rate of interest on small savings should be increased.

The argument that is put forward that there should be a reduction in direct taxation if savings is to be increased does not appear to me to be reasonable, because if we take the middle-class people as sources of savings, then, certainly, the factor that you have to take into account is not direct taxation so much as inflation. Even if you reduce taxation, savings will not increase in the present context if there is this rise in prices going on. Therefore, I am not now in favour of reducing direct taxation as a means for raising savings. I should plead for an increase in the rate of interest.

Another suggestion I should like to make is that Government may consider the possibility of introducing compulsory deposit reserves over a certain income at a progressive rate on which an interest will be paid, but which will be lower than what is paid on small savings. It would have two effects, if it would be possible. One is, we shall have more funds and, secondly, it would have an anti-inflationary effect.

The next point is with regard to deficit financing. And, in regard to deficit financing, we want to know what the Government's present thinking on this matter is. Shri T. T. Krishnamachari stated that we should not resort to deficit financing in excess of Rs. 900 crores, although the figure provided in the Plan was Rs. 1200 crores. The former Finance

Minister in the course of his reply to the Budget debate stated:

"My predecessor in the Finance Ministry told Parliament last year that we should not go beyond Rs. 900 crores. We cannot fix any rigid limit about it, but we have to be careful."

What is the Government's present thinking about the limit to which they think they can safely go? Is it Rs. 900 crores, or Rs. 1200 crores or more than Rs. 1200 crores? The Finance Minister may take consolation from the fact that prices have not been rising and, therefore, we might probably indulge in a certain amount of deficit financing more than what we have done so far. But there is one factor which was not present in former years, but which is present now. And, that is this. Both in 1956-57 and 1957-58 there was a huge import surplus which has a deflationary effect. In 1956-57 it was Rs. 400 crores, I believe, and in the first eight months of 1957-58 it was about Rs. 225 crores. This cushion will not be available to the same extent in 1958-59. Therefore, we have to proceed much more cautiously and warily. I am not quite sure if we can resort to deficit financing to the extent of Rs. 1200 crores, the figures provided for in the Plan. But, at the same time, I should like to know as to what the Government thinks is the safe limit up to which they can resort to deficit financing without having, of course, bad effects on the economy as a whole.

I said, Sir, that the resources position, as we will see, both internal and external, is really not very safe. It is serious, although the assumptions in the Plan both in regard to internal and external resources have been more than fulfilled,—that might appear paradoxical, but that is a fact, namely, in respect of what we had assumed in the Plan should be raised in regard to foreign exchange resources or internal resources by way of taxation. We have not been able to reach the target

[Shri Bimal Ghose]

with regard to small savings and borrowings, but with regard to other things we have more than fulfilled the assumptions. But still the position remains very serious, and unless something is done to raise the resources or to cut down non-Plan expenditure very severely, the prospect is not very bright.

I have given, Sir, certain suggestions for increasing our resources both external and internal. I would like to say this before I finish. It does not appear to me to be quite honest to pour ridicule on the head of Shri Masani and proclaim the inviolability of the Plan, and then proceed quietly to shear it off layer by layer, first by declaring that we shall only adhere to the financial targets and not the physical targets, and then by saying that we shall only save the core of the Plan and let the axe fall heavily all the time on social services and certain types of social overheads.

**Shri Ranga (Tenali):** Mr. Deputy Speaker, Sir, I am certainly in agreement with those friends who have pleaded for raising the exemption limit for income tax. It is easy to say that the standard of living has gone up, the incomes of these people are going up and, therefore, the limit need not be raised. But, after all, Sir, there is not much scope for assumptions or estimates. Government knows the incomes of these people—most of these people—more or less accurately, and it should be possible for them to see whether those incomes have gone up. A great majority of these people happen to be salaried employees. Their salaries have not been pushed up so glaringly or so greatly. Therefore, there is a very strong case, indeed, for raising this exemption limit. I do not know whether it would be possible for the Government here and now to do it, but I think there is justification for Government to give some thought to this consideration.

Secondly, I am one of those who have begun to feel that the tax bur-

dens on those people who are below the limit of income-tax payment have gone rather too far and have gone too high. The burden of excise duties has been growing very rapidly, and the incidence of it has been estimated varying from Rs. 10 to Rs. 14 or even at Rs. 15 to Rs. 16 also, per head. Whether our people are capable of bearing such high burdens by way of excise duties is a matter that deserves very careful consideration.

That brings me to the suggestion made by my hon. Friend Shri C. D. Pande when he said that the taxation structure deserves to be re-examined in the light of what has been happening during these two Plan periods. We have to think also of the sources of income of the States. I do not wish to say anything against prohibition as such. Nor do I wish that it should be withdrawn from where it has already been imposed. But I would like the Governments at the State level, and at the same time to the extent that the Government of India can possibly give any advice to the State Governments, to be rather cautious about its extension in those areas where it has not been enforced. Because, after all, this is just not the time when we can afford to give up such a huge source of income, although the purpose for which we want prohibition is very praiseworthy.

Some people have been lightheartedly, as I felt, suggesting the reimposition of the salt-tax. I am very much opposed to it. As I have said, the burden of excises has already grown so high, and I do not think it is fairer towards the general masses of our country that this additional impost should also be exhumed and then imposed upon them, because, who knows once it comes to be reimposed again, the incidence of it would not come to be increased year after year and in an inordinate manner?

There is very great room indeed for exercising economy. I am glad my hon. Friend the Finance Minister has assured us the other day that they would certainly do their best to bring about such economy as far as possible. One suggestion was made by Shri C. D. Pande that they should impose a kind of five per cent cut on all those various demands that are being made by Government. Whether you make it five or ten, Government should begin to think seriously about the need for economy as they have been anxious to increase the expenditure in different directions.

Again, we have also got to develop this new trend. Hitherto, of late the trend has been that the Government itself should be taking the initiative in spending more and more money, in helping the people to develop in various directions. That was not the case in the past, but that has come to be our latest trend. But I would like them to think of giving a push to a new trend: expecting our people to help themselves, giving them every possible assistance in order to help themselves, from the bottom upwards, that is, from the villages, from the *mohullas*, from the towns. Many of the things that our people need are capable of being achieved by the people themselves provided that are given the necessary leadership, the necessary incentives and also encouragement by the popular leaders and their followers as well as the Governmental officials and all those who are associated with them by way of advisory committees and so on. Unless we develop this spirit of self-help, self-reliance and local initiative, in order to achieve constructive projects in all levels, the village level, and the *mohulla* level, it would not be possible for the Government even with all the hundreds of crores of rupees that are being placed at their disposal and with the loans and other things that we are taking from abroad, to give any kind of noticeable satisfaction to the masses of our country.

I know some real effort is being made in this direction through the Community Development schemes,

but that does not go far enough. Much more effort has got to be made and put in, and in this we would need the co-operation of all political parties, of all sections of our people, social as well as economic. And it is there that I welcome the suggestion made by some of our hon. Friends from the opposition also, that Government should try to invite the co-operation of every section. But then there are ways of inviting the co-operation of every section. It is quite possible that we can come to have a National Coalition Government at all levels. If that is not possible, at least we should be able to have an all-embracing Congress Government, because we know only too well in too many places that the Congress Governments themselves are confined to certain groups only within the Congress. That is not satisfactory.

Thirdly, there have been very many complaints made that at so many local levels also, representation is being given only to one party or to one group and so on like that. I would like that in all those advisory committees that are associated at different levels of administration, due representation is given to all political parties. Coming to the top here, as well as at the State level, I think it is high time we reincarnated or exhumed our old advisory committees—the standing advisory committees—that used to be associated with every Ministry and almost with every department. In those days, when the British were here, so many of us had the privilege of being associated with those Committees, and in spite of the fact that the Government used to be a bureaucratic government, we used to have the satisfaction of having made very constructive and substantial contribution to the making of policies in various directions so far as administration and so far as the various planned schemes were concerned, and when they came up for discussion.

Now, it is most unfortunate that the particular mechanism has been given up now for various reasons during the past seven to eight years. I would like that mechanism to be taken up

[Shri Ranga]

again. Supposing, for example, there were to be associated with my hon. Friend the Finance Minister a standing finance committee on which there would be represented the various political parties and their representatives, certainly it would be possible for him to convince them of the need why such and such things are being proposed by the Government and why such and such things are possible and such and such things are not possible. It should also be possible for the various representatives of the different political parties also to have the satisfaction that their views are being considered and given effect to to a very great extent and so they would also be able to feel one with the plans and the decisions that the Government comes to make from time to time.

We are now going on increasing the salaries and dearness allowance and various other privileges that are demanded by our salaried employees and the Government feels itself obliged to grant them. I do not begrudge it. The House itself has agreed to the appointment of the Pay Commission. But that is all the more reason why Government should take care to see not to increase the number of State employees to such an extent, but to come to depend upon honorary workers in different parts of the country only offering them out-of-pocket expenses and at the same time expecting from them national service. In olden days we used to have the *patel* and the *patwari*. They were not assured of any of these dearness allowance and increment and all the rest of it. They were given only a kind of spot payment from year to year. It was the same from generation to generation. They served the country more or less not too unsatisfactorily anyhow. I do not mean to say that the salaries should not be raised. But there must be something in that scheme and that sort of thing ought to be experimented not by payment of salaries as such, but more in the direction of honoraria

and meeting the out-of-pocket or actual expenses.

Then there is the question of income-tax and super-tax rates of last year. I agree with the hon. Finance Minister in what he said the other day. But then there also this is a question of seeing to it that our agriculturists are given the necessary incentive. A question was posed the other day by my hon. friend Shri Asoka Mehta whether we will be willing to persuade our peasants, to supplement the efforts of the Government, to part with the portion of the additional price that has to be paid for what they produce for all their different crops.

I wish to say that there is a kind of precedent established already in the past in the case of sugarcane growers. In U.P. and Bihar there used to be a system by which from out of the additional price that was paid for sugarcane, a particular percentage of it was kept aside and put into a special fund for research and also for reimbursing them whenever the prices went down rather too low. I would like to make a suggestion that if Government really were to be keen upon achieving near self-sufficiency in food, the best thing, the proper thing and the just thing they ought to do is not to fight shy, as they have been doing, of paying remunerative prices, but to agree to pay more. Supposing they are paying now Rs. 20 per bag of two maunds today, if they agree to pay another Rs. 2, Rs. 5 or Rs. 6 whatever it might be, according to the calculations they make for reaching a remunerative level of prices, then from out of that, 25 per cent can be put in what is called postal savings certificate or small savings or whatever it is. In that way, Government would be able to assure for themselves large enough additional resources for their own planned economy and at the same time, they would also be preventing any inflationary trends to come very much into evidence.

Particularly they would be giving such incentives for additional production on the part of our peasants that

they would make a substantial contribution indeed towards the solution of what has been for a very long time an insoluble problem of agricultural production, especially food production.

I am also in favour of a suggestion made by my hon. friend, Shri Ghose, that the rate of interest on small savings should be raised. It should be raised substantially. When co-operatives are willing to lend money to our own agriculturists at interest of anywhere from 6 to 9 per cent or even 12 per cent, when people in the villages are capable of lending money to their own neighbours at 6 to 12 per cent and sometimes even 15 per cent interest, would it not be reasonable for Government to come forward and say to all the small-holders, small traders, small business people in our country and the middle-class people of salaried employees, "We are prepared to pay you 6 per cent; you lend your money to the Government." I want Government to take such dynamic steps in order to increase the resources to be placed at the disposal of our Government.

Lastly, I would like to say that sometime ago, some important people made the suggestion that the Prime Minister should resign from the prime ministership and take charge of the party organisation and so on. Some other friends have said that all other democratic parties also should be asked to come and join the Congress and let them make a kind of united front.

**Shri Bimal Ghose:** Is not the Communist Party also a democratic party?

**Shri Ranga:** I do not wish to go into very great detail. But one thing that I want the Prime Minister certainly to do, as he happens to belong not only to the Congress Party, but to the whole of the nation, including opposition parties, is to divest himself of many of these less important responsibilities that he has laid on himself. I am sure it is not necessary for the Prime Minister himself to have to come to the House and move those demands for the atomic energy depart-

ment or scientific research and so on. Even in regard to foreign affairs, now that he has achieved this tremendous prestige and status for the whole of the country, it would be a splendid thing indeed for him to find another colleague of his own to take charge of that work, just when his reputation as the most successful Foreign Minister is at its highest. It is always the good fortune of any great statesman in any part of the world to know when to take up a particular responsibility and when to give it up. Mahatma Gandhi had that genius and he was able to retire from the Congress organisation as an organisational person in 1934, but nevertheless he continued to be at the head of Congress consultations right to the day of his death. So also, I think it is time that the Prime Minister should be satisfied to be the most effective Prime Minister for us all and to be able to have an over-all supervisory and directory power for the whole of the Central Government as well as the State Governments. In that way, he can give even more effective leadership to our country and also find more satisfaction for himself in the work he will have to discharge. Otherwise, I am afraid the country would be losing very heavily, if that sense of staleness, as he said, were to grow upon him. We would not like it to grow upon his mind. We want him to be just as fresh and come to us just as fresh and with just as much fragrance as, his own red rose which we all admire every day.

**श्री राव शरद (मुरादाबाद) :** वित्त प्रधिनियम या फाइनेन्स बिल, जिस तरह का पिछले वर्ष या उसी तरह का कुछ सुधारों के साथ इस वर्ष भी पेश किया गया है। कुछ माननीय सदस्यों ने कम से कम जितनी धाय पर कर लगता है, उसको १,००० से बढ़ा कर ४,००० या ४,२०० पर जैसी कि पहले थी, पर कर लगाये जाने का आग्रह किया है। इस के सम्बन्ध में वे यह कहना चाहता हैं कि इस समय इस तिथि को बढ़ाकर तो बरा कठिन मालूम होता है। लेकिन ये आग्रह इस तरह ध्यान दिलाया जाय

[श्री राम सरण ]

हैं कि जो तीन हजार पर आयकर लगता है उसका मतलब यह है कि जिसकी आमदनी ढाई सौ रुपया माहवार होती है, उसको ही कर देना पड़ता है और जिस की इससे कम होती है उस पर कोई कर नहीं लगता है। इसके साथ ही साथ यह भी व्यवस्था की गई है कि जिन लोगों के बच्चे हैं उनको कुछ छूट दी जाय और उनको ३,६०० पर कर देना पड़ेगा उससे नीचे की रकम पर नहीं। पिछले वर्ष यहां पर यह कहा गया था कि इससे कम जिन व्यक्तियों की आमदनी है, उनके साथ किसी भी प्रकार की जोर जबरदस्ती नहीं होनी चाहिये और वित्त मंत्री जी ने भी यह कहा था कि उनके साथ ऐसा नहीं होगा। लेकिन पिछले वर्ष के अनुभव से पता चलता है कि उन लोगों के ऊपर जिन की आमदनी ढाई सौ या दो सौ से भी कम है, टैक्स लगाया जा रहा है और उनके पास इस तरह के अकसर नोटिस भेज दिये गये हैं जिससे वे लोग बड़ी परेशानी में फंस गये हैं। जिन पर टैक्स नहीं लगना चाहिये उन पर भी इस तरह से लग रहा है। जो मेरा हल्का है, वहां पर बहुत सारा बरतनों का व्यापार होता है और वहां पर इस धंधे में चालीस पचास हजार व्यक्ति लगे हुये हैं। उनमें से भी जो साधारण कार्य करने वाले हैं, जो साधारण बरतन बनाने वाले हैं, उनके पास भी बिना किसी भेदभाव के इंडिक्रिमिनेटली नोटिस भेज दिये गये हैं। वे लोग यहां वित्त मंत्रालय के पास भी पहुंचे हैं, जो हमारा यहां कामर्स एंड इंडस्ट्री का मंत्रालय है, उसके पास भी वे पहुंचे हैं। और साथ ही साथ जो उत्तर प्रदेश की सरकार है उसके पास भी वे लोग पहुंचे हैं, लेकिन अभी तक कहीं भी उनकी सुनवाई नहीं हुई है और न उनको किसी प्रकार का एश्योरेंस ही दिया गया है। मुझे मालूम हुआ है कि उन्होंने केन्द्रीय सरकार के पास भी तथा उन्नत प्रदेश की सरकार के पास भी इस

तरह का नोटिस भेजा है कि जो बिना सोचे विचारे उनके पास इस तरह के इन्वन्टैक्स की डिमांड के नोटिस भेज दिये गये हैं उनको वापिस लिया जाना चाहिये, वर्ना, साथ ही उन्होंने यह भी तय किया है कि वे १५ मई से अपना कार्य बन्द कर देंगे। जब काम बन्द करने तक की नौबत आ जाय और वह भी केवल इस कारण से कि उनके पास वित्त मंत्रालय के द्वारा या उसके अधिकारियों के द्वारा बिना सोचे विचारे साधारण से साधारण व्यक्ति से भी आयकर वसूल करने के नोटिस भेजे जायें और आय कर वसूल करने का प्रयत्न किया जाय तो यह चीज हमारे लिये और खास तौर पर सरकार के लिये सोचने की हो जाती है कि क्या जो हम कर रहे हैं ठीक कर रहे हैं या नहीं। यह व्यवसाय ऐसा है जो कि लाखों का नहीं बल्कि करोड़ों का विदेशी विनिमय उपाजित करता है। इसलिये मैं वित्त मंत्री जी का ध्यान इस ओर आकर्षित करना चाहता हूं कि उन लोगों से जिन की आय तीन हजार से कम है और कम से कम जिस आय पर आयकर लगता है, यदि उसकी सीमा को नहीं बढ़ाया जा सकता है, तो कम से कम उन लोगों से जिन की इससे कम आय है, उनसे तो यह कर वसूल न किया जाय और उन लोगों की जो डिमांड है उस पर अवश्य ध्यान दिया जाय।

इसी सम्बन्ध में दूसरी बात जो मुझे कहनी है वह यह है कि आज आयकर तीन हजार या इससे ऊपर जिन की आमदनी है उन पर ही लगता है। इसमें एक भेद यह किया गया है कि अविवाहितों के लिये तो एक हजार की छूट दी गई है और जो विवाहित हैं उनके लिये तीन हजार की छूट होती है और इसके बाद . . . . .

**Shri Tyagi (Dehra Dun):** It will give incentive to get married.

भी राब सरल : प्रविवाहितों को एक हजार की छूट के बाद अगर उसकी वीन प्रविवाहित, आमदनी है, तो वो हजार के ऊपर कर देना पड़ता है और जो विवाहित हैं उनके लिये पहले एक हजार की छूट की और अब दो हजार की और बढ़ा करके तीन हजार तक की छूट कर दी गई है। यह जो अंतर है यह धीरे तक चलता है जहां तक कम आमदनी वाले व्यक्तियों का सम्बन्ध है मैं एक सुझाव देना चाहता हूं जो कि वित्त मंत्रालय के फायदे का भी होगा। इससे साधारण आमदनी वाले लोगों को भी कुछ राहत मिल जायेगी। वनों को जो आप छूट देते हैं यह एक सी होनी चाहिये और उसके बाद विवाहितों और प्रविवाहितों के लिये जो परसेंट कर की है, यानी जब पर जो तीन परसेंट लगाई जाती है, प्रविवाहितों के लिये उसको चार परसेंट कर दिया जाय और इस प्रकार से योग्यता के अनुसार जैसे जैसे किसी की आमदनी बढ़ती चली जाये, वैसे वैसे उस पर कर की मात्रा को भी आप बढ़ाते चले जायें। इससे एक लाभ यह होगा कि जो कम आमदनी वाले लोग हैं उनको कुछ बोझ सी राहत मिल जायेगी और योग्यता के अनुसार—केपेसेटी टू पें के अनुसार—जैसे जैसे उसकी आमदनी बढ़ेगी वैसे वैसे उसके ऊपर अधिक कर, क्वि पक्सेटिव में अब देखा जाये, लगता चला जायेगा।

अब मैं देश की आर्थिक स्थिति के बारे में कुछ कहना चाहता हूं। देश की विकास योजनाओं को कार्यान्वित करने के लिये एक तो आप ऋण लेते हैं, दूसरे आपने छोटी बचत की योजनाओं को शुरू किया है और तीसरे आपके सेविंग बैंक के डिपॉजिट्स होते हैं। इन तीनों को देखने से पता चलता है कि चालू वर्ष में कुल ६८ करोड़ रुपया ही और ऋण के प्राप्त हुआ है और इसमें से तीन करोड़ रुपया देना है जो कि सीम मशीने की छोटी मरामि के लिये ही था। जो काफी मरामि के लिए हमें प्राप्त हुये हैं

वे केवल ३८ करोड़ के ही रह जाते हैं। छोटी बचतों में यह विचार किया गया था कि १०० करोड़ रुपया हर साल हम को मिलेगा लेकिन देखने से पता चलता है कि चालू वर्ष में हमें केवल ३७ करोड़ रुपये ही प्राप्त हुये हैं। इसी प्रकार से सेविंग बैंक में पिछले दो सालों में किसी प्रकार की बढ़ती होने के बजाय कमी ही होती चली गई है। सब और कमियां होने का कारण तथा लक्ष्य को प्राप्त न कर सकने का कारण यही हो सकता है कि कीमतों में वृद्धि होने के कारण लोगों की क्रय शक्ति कम हो गई है और क्रय-शक्ति कम होने की वजह से वे कम बचा पाये हैं। इस प्रकार हमारी आर्थिक स्थिति बजाय सुधरने के, ऐसा मालूम होता है कि, खराब होती चला जा रही है। एक तरफ तो सेविंग की यह हालत है और दूसरी तरफ हमारा जो खर्चा है वह बढ़ता चला जा रहा है। हमने कर तो अधिक से अधिक लगा रखे हैं, दुनिया के जो दूसरे देश हैं और जिन्होंने अधिक से अधिक कर लगा रखे हैं, उन्हीं की तरह से हमारे देश में भी कर लगे हुये हैं और दूसरी तरफ ऋण प्राप्त करने की वह हालत है जो मैं अभी बयान कर चुका हूं। इस स्थिति में से निकलने के यही उपाय हो सकते हैं कि या तो हम विदेशों से रुपया लें या फिर डिफिसेंट फाइनेंसिंग की शरण लें जैसा कि हम दो वर्षों से लेते आ रहे हैं। पिछले दो वर्षों में हमने १०० करोड़ से ऊपर—६०० करोड़ के करीब—डिफिसेंट फाइनेंसिंग किया। सरकार का १२०० करोड़ तक का डिफिसेंट फाइनेंसिंग दूसरे प्लान में करने का विचार है। लेकिन जैसा कि कुछ आमतौर पर सदस्यों ने कहा है और इस और आपका ध्यान भी दिलाया है अगर इसको हम बढ़ाते चले गये तथा कर्जों का मियाद पूरी हो गई तो हमारी स्थिति और भी खराब हो जायेगी। हम इसको और अधिक नहीं बढ़ा सकते। जहां तक ऋण की बात है वह भी हमें



[श्री राम शरण]

बितना हम चाहत ने उतना हमको नहीं मिला है। आखिरी तरीका डिफेंसिट फाइनेंसिंग का है और यदि हमने इसकी शरण ली तो स्थिति सुधरेगी नहीं, कीमतें बढ़ जायेंगी और उससे स्थिति में सुधार होने के बजाय बिगाड़ ही अधिक होगा। इसलिये प्रणुना तो यही तरीका है कि खर्च को घटाने का प्रयत्न किया जाये और केवल वही खर्च किया जाये जो जरूरी है। एक माननीय सदस्य ने कहा कि पांच परसेंट या दस परसेंट एक दम इसको घटा दिया जाये। इस तरह से आर्बिट्रेरीली इसको घटाना तो ठीक नहीं होगा लेकिन जैसे कि आपने हाई पावर कमेटी प्लान्ड प्राजेक्ट्स के बारे में बनाई है और नान-प्लान्ड प्राजेक्ट्स के बारे में फाइनेंस डिपार्टमेंट में एक रिभागनाइजेशन कमेटी है, उसी तरह से खर्च कम करने के लिये अगर ज्यादा से ज्यादा कोशिश की जाये, तो प्रणुना होगा। अभी तक मुझे पता नहीं है कि इसके द्वारा कितना खर्च कम हुआ है लेकिन अधिक से अधिक प्रयत्न खर्च को कम करने के अवश्य किये जाने चाहिये। यदि खर्च को कम नहीं किया गया तो जो हमारी आर्थिक विकास की योजनायें चल रही हैं या दूसरी योजनायें चल रही हैं, उनको पूरा करने में आपकी सफलता नहीं मिलेगी और हमारी आर्थिक दशा भी नहीं सुधर सकेगी। इसलिये इस तरफ ज्यादा ध्यान देने की आवश्यकता मालूम होती है।

एक बात जिस की तरफ मैं खास तौर पर ध्यान दिलाना चाहता हूँ, यह है कि गवर्नमेंट के जो मिश्र मिश्र विभाग हैं, जब तक उन में प्रणुनी तरह से कोऑर्डिनेशन प्रयात् सहयोग नहीं होगा तब तक न प्लेनिंग ठीक तरह से चल सकती है और न हमारी योजनायें ठीक से चल सकती हैं जो कि हमारे देश में चल रही हैं। इसी तरह से हमारे कम्युनिटी प्रोजेक्ट विभाग के सम्बन्ध में भी कहा जाता है और यहां भी कहा गया है कि

बहुत सारे विभागों में आपस में सहयोग नहीं है। लेकिन जहाँ तक कम्युनिटी प्रोजेक्ट का सम्बन्ध है, यह सुधी की बात है कि वहाँ अब एक कमेटी बन गई है जो कि एक तरफ खादी कमिशन से, दूसरी तरफ जो कम्युनिटी प्रोजेक्ट मंत्रालय है उस से और तीसरी तरफ जो उद्योग विभाग का मंत्रालय है उस से सम्बन्ध रखती और उन सब की मिला कर अब वह काम करेगी तब सारा कार्य ठीक तरह से हो सकेगा, बर्ना अगर हर विभाग अलाहवा अलाहवा कार्य करेंगे तो न तो सब का सहयोग मिल सकेगा और न कार्य ही ठीक से चल सकेगा, जिस प्रकार से कम्युनिटी प्रोजेक्ट्स के सम्बन्ध इस प्रकार की कमेटी बना कर और तीन विभागों को मिला कर उन के सहयोग में काम चलाने का प्रयत्न किया गया है उसी प्रकार से दूसरे विभागों का भी, जहाँ जरूरत हो, मिलाने का प्रयत्न किया जाय तो उन के आपस के सहयोग से काम ठीक तरह से चल सकता है। कम्युनिटी प्रोजेक्ट्स के सम्बन्ध में यह देखने में आता है कि सब से नीचे काम करने वाला ग्राम सेवक है, उसके ही पास गांव की जो आर्थिक समस्यायें हैं या दूसरी दिक्कतें आती हैं। लेकिन यदि उसका सम्बन्ध वहाँ के रेवेन्यू विभाग से प्रणुना न हो तो हालांकि सारा खर्च उसके पास आती है, लेकिन शिकायतों को दूर न कर सकने के कारण उस का कोई असर नहीं पड़ता है और एक बड़ी कमी यह आ जाती है कि उस के प्रति लोगों में प्रभुता उत्पन्न हो जाती है। इस वास्ते यह जरूरी है कि वहाँ पर उस का सम्पर्क ग्राम सेवकों से हो। पर जब तक ग्राम सेवक का सम्बन्ध वहाँ के रेवेन्यू विभाग से नहीं होगा, उस के साथ सम्पर्क और सहयोग नहीं होगा तब तक गांवों में उस के काम करने का जो ढंग है वह सफल नहीं होगा।

यहाँ तक आर्थिक नीति का संवाल है यह सब से महत्व का प्रश्न है कि हमारी

आर्थिक नीति कैसी होनी चाहिये। इसके विषय में माननीय सदस्यों ने अपने अपने विचार प्रकट किये हैं। हमारी आर्थिक नीति मिश्रित नीति कहलाती है। मिश्रित आर्थिक नीति का मतलब यह है कि एक तरफ तो बड़े बड़े उद्योग भी चलते हैं, दूसरी तरफ छोटे उद्योग भी चलते हैं, इस के अलावा घरेलू उद्योग और ग्रामोद्योग भी चलते हैं। जब तक सब का आधार ठीक प्रकार से न हो—जब तक हमारी आर्थिक नीति स्पष्ट न हो—तब तक सब का एक साथ चलना बड़ा कठिन होगा। मिसाल के तौर पर कंज्यूमर्स गूड्स में कपड़े को ले लीजिये इस के लिये एक तरफ मिल भी काम करती है, दूसरी तरफ अम्बर चर्खा से भी काम लिया जाता है, तीसरी तरफ हंडलूम भी कार्य कर रहा है। जब तक हर एक के बारे में हमारी नीति स्पष्ट नहीं होगी तब तक तीनों के प्रयत्न ठीक से नहीं चल सकेंगे। जब उन में स्पर्धा न हो, अर्थात् ऐसी योजनायें हों, जिनमें अधिक से अधिक आदमी लग सकें हैं या अधिक से अधिक काम मिल सकता है, यानी जब तक एक प्रकार से हमारी आर्थिक नीति स्पष्ट न हो, जब तक इस प्रकार की आर्थिक नीति न हो जिस से कि अधिक से अधिक आदमी एक तरफ काम पर लग सकें और दूसरी तरफ देश की सांस्कृतिक और सामाजिक स्थिति का विचार रख सकें, तब तक हम जिस प्रकार की तरक्की देश की करना चाहते हैं, वह नहीं कर सकेंगे। मेरा यह विचार है और जूँकि नये वित्त मंत्री महोदय का इस तरफ ध्यान है, इसलिये उन से प्रार्थना करना चाहता हूँ कि वे भिन्न भिन्न प्रकार के विधानों में और भिन्न भिन्न प्रकार की चीजों में ऐसी नीति अपनायें जिस से स्पष्ट तौर पर बिबित हो जाय कि हमारी आर्थिक नीति क्या है, और हिन्दुस्तान की आर्थिक नीति बही होनी चाहिये जिससे बेरोजगार लोगों को काम मिल सके, और वे अपनी तरफ से रह सकें। उन्हें चाहा,

कपड़ा, भूकान, निःशुल्क शिक्षा और खेल कूद की चीजें उपलब्ध होनी चाहिये। जो भी एक व्यक्ति की जरूरियात की चीजें हैं, कम से कम उतनी चीजें जब तक उनके लिये उपलब्ध नहीं होंगी तब तक साधारण व्यक्ति को सुख नहीं मिलेगा। साधारण व्यक्ति से मतलब है वह व्यक्ति जो गांव में रहता है, इस तरह का व्यक्ति जो कि अन्तिम हो। हमारे देश का अन्तिम व्यक्ति वह है जो ऐसे समुदाय से आता है जिस के पास माधन नहीं है और साधन न होने की वजह से योजना के अन्तर्गत जो बहुत सारी रियायतें हैं वे भी उन को उपलब्ध नहीं होती हैं क्योंकि उन के पास जमानत देने के लिये कोई चीज नहीं है। उन के पास इस तरह के कोई माधन नहीं है सिवाय इस के कि उन के पास अपनी साख है, यदि माख पर उम को मदद की जायेगी तभी उसका भला होगा। कोई दूसरा यदि उसके लिये जमानत नहीं देता है वह इस तरह की रियायतों का उपयोग नहीं कर सकेगा। इसलिये इस अन्तिम व्यक्ति की तरफ ध्यान दे कर, जो कि देहात में रहता है, और ऐसी की संख्या बहुत अधिक है, अगर हम अपनी आर्थिक नीति नहीं बनायेंगे तो देश का निर्माण होना कठिन जान पड़ता है।

**Dr. Krishnaswami (Chingleput):**  
Mr. Deputy-Speaker, Sir, I have so much to say and so little time in which to compress what I have to say. Let me wish at the outset the new hon. Finance Minister, the hon. Minister of Economic Affairs and his deputies success in the arduous tasks that face them. Men of goodwill in this House, irrespective of the political party to which they belong, would be agreed on one fact that we are facing a difficult financial situation—a situation which has been rendered most difficult by the policies that have been pursued during the past twenty months. But before I plunge into a consideration of the basic issues of

[Dr. Krishnaswami]

financial policy, may I be permitted to refer to two matters which merit some consideration?

Mr. hon. friend, Dr. Subbarayan, referred to the handloom industry. Now we all desire reduction of excise duty on textiles but reducing duty on textiles without compensating the handloom industry is to reduce the differential between the two. To give a concession of an extra half-anna rebate and that too for only two months is but one more indication of our policy of muddling through. Unless a concession for a permanent period is given, unless we make up our minds to extend such a concession to the handloom industry irrespective of the manner in which it is organised, we are in for a period of complaints and distrust from this handloom industry.

I shall now deal with the question of development rebate. Let me assume at the outset that there is a strong case for more stringent control on utilisation of the development rebate funds, but I would like to ask, what is it that a development rebate is expected to achieve? Essentially the development rebate is a way of reducing the hardships inherent in a system of depreciation allowances based on historical costs—hardships which are real and hardships which are bound to be with us in an economy where replacement costs are out of focus with the original cost. In essence, a development rebate allows a depreciation allowance in excess of 100 per cent of the value of the plant over the life of the plant. The excess of 40 per cent. or 25 per cent. over the 100 per cent. value of the plant is, therefore, a benefit which is linked with the life of the plant. Therefore it is not necessary that the entire benefit of the development rebate must be used up in one year. If this reasoning be accepted, then it is completely fallacious to suggest that there is a tax saving of 50 per cent. of the development rebate in that particular year. The insistence of debiting 75 per cent,

though it is more welcome than that on insisting on 100 per cent. to one year's profit and loss account apart from being illogical is likely to be self-defeating in my opinion. It would make well nigh impossible for some of the more rapidly expanding firms to avail of this development rebate without passing over dividends for some years.

Logically, there are two alternatives of getting over this predicament and I place these two alternatives before my hon. friend for his mature consideration. I do not want a reply from him today, but when the time comes for moving the clauses he might think it over and then consider whether he can accept my suggestions. We can frame the law so that the amount to be debited in any particular year is linked with the declaration of a reasonable dividend. The other alternative, an inferior alternative in my opinion, would be to vest the taxing authority with the power to refuse the benefit of this concession in cases where *prima facie* such funds are used for increasing dividends instead of being ploughed back into industry. If my suggestion is accepted, a possible solution would be that the amount to be debited in any particular year in the profit and loss account in respect of development rebate would be a residual one after paying 6% on capital employed or the average of the dividends distributed over the last three years, whichever is higher. This will prevent excess dividends declaration and yet safeguard the interests of ploughing back of funds into industry.

The other alternative, an inferior one in my judgement, is that of giving powers to the taxing authority to disallow. This is administratively possible. After all, to how many firms are we going to give a development rebate? There would be about one thousand or two thousand companies who would avail themselves of these things and if abuses occur it should not be beyond the wit and intelligence of the

highly efficient Central Board of Revenue to find how abuses occur and then stop such payment being made in respect of development rebate.

**Shri T. B. Vittal Rao (Khammam):** Are they efficient?

**Dr. Krishnaswami:** I think they are more efficient than we give them credit for. It is a very bad practice that we are indulging in continuously at present, though unduly. They are efficient up to a point. They may not be efficient beyond that. But so far as this particular thing is concerned, I would set it if I were quite being equal to the job of undertaking this task.

But what are the major issues that face us? What are the issues that citizens are discussing practically every day? I think it is right that I should come straight to the point. Are we moving in the direction of more coherent and rational system of taxation? Is our tax structure economic in the sense of raising larger and larger resources out of the national product any yet at the same time promotes the growth of the national product? Lastly, is our tax structure consistent with the pattern of society we envisage—and we have envisaged a pattern of society in the Directive Principles of our Constitution, which we would do well to follow? This last consideration is the most important because ultimately all fiscal means have to be judged by the objective that we have in view. Surely in a democratic society obviously large inequalities of wealth and consequently inequalities of economic opportunity cannot be permitted for an indefinite period. At the same time our ideal is not a monolithic society in which ownership of property carries with it a stigma or where the State alone is the owner of all forms of property and men are but mice waiting for nourishment at the hands of an all-powerful bureaucracy. Our ideal is to move towards a society where the wider dispersal of wealth and opportunities consequently end

glaring inequalities of income. Judged by these tests, the way the tax structure has evolved during the past twenty months appears haphazard, ill-organised and in quite a number of respects, totally anomalous. We appear to have looked upon Mr. Kaldor's proposal not as a substitute for, as he envisaged them, but as a supplement to the existing system of taxation. We have probably the distinction of being the first country in the world to have adopted wholesale Mr. Kaldor's cogent and highly original proposal. May I add, we have the dubious distinction of altering these proposals to such an extent as to be probably unrecognisable even to the author of these proposals. Mr. Kaldor wanted the Expenditure and Wealth taxes to be substitutes for the highly progressive super-tax. We have added them all without materially altering the marginal rates of taxation. The Gift-tax was to take the place of the Estate duty, according to Mr. Kaldor. We have decided to have both. Mr. Kaldor never thought of a Wealth tax on companies. We have not only adopted it, but it is there in addition to the Excess dividend tax and tax on company's issues. In brief, we have put together in our Finance Acts almost every conceivable form of impost without unduly troubling ourselves about the total impact of the system of taxation on our economy.

What are the consequences of this policy? It is time we think about them. We have reduced the efficiency of the tax system and the present tax structure has none of the virtues claimed by Mr. Kaldor. It continues to be inimical to incentives. It has affected our economy visibly by sharp decline in share prices and new issues. For this, I have the high authority of the Economic Survey published by the Government of India. It may be suggested by some of my friends that it does not really need to be over-emphasised that these things happen. It may be suggested that after all, if there has been a check in the growth of the private

[Dr. Krishnaswami]

sector, no tears need be unduly shed. Let us remember, let us remember again and again, that 96 per cent of our manufacturing industries, according to the National Income statistics, is in private hands and what happens there is of vital import to the economy. Even if we double our public sector's output, it still would be a small part of the manufacturing activity in our country. It is, therefore, necessary above all to retain a sense of proportion and a sense of perspective and avoid being carried away by slogans. What is at stake today is not the way the private sector should live or the public sector should live. But, what is at stake today is whether the rate of growth of our economy should be jeopardised, whether it should be slowed down and all our actions must be judged only in this context.

The tax structure, as I have pointed out, is inimical to incentives. It is also inequitous since certain forms of wealth are doubly taxed. We have not as yet made any serious efforts in evolving an administrative structure necessary for implementing the new taxes. Of course, it will be suggested by some of my friends that in the transitional period, when we have to step out from the old world of the old tax system into the new highly original world of Mr. Kaldor, there are bound to be anomalies, and that we cannot reduce the level of Income-tax until the gap is filled up by other forms of taxation. I am willing to give some credence to this line of reasoning. But, the most serious indictment of the way in which we have been moving during the last 11 months is that, instead of concentrating our energies on organising the revenue collecting machinery, we are having recourse to the line of least resistance. Instead of making an all-out effort to improve and expedite the assessment procedures, we are satisfied with grabbing at source from which it is easy to collect the taxes. How else can we justify the Wealth-tax on companies, if it is not

from the point of view of facility of collection? And that seems to be the only justification. Of course, this has some value because from the days of Adam Smith we have been told that statesmen should take into account the facility with which the taxes could be collected. But, then, there are other criteria which we have to take into account.

We talk big of a socialist pattern of society without realising that facility of collection plays only a minor part in this evolution of what we should have as a better society.

Let me proceed to discuss some of the other aspects of this difficult question. My hon. friend's predecessor, a great master of flouts and jeers, never once made an attempt to answer our arguments. But, facts cannot be evaded. Facts have a way of taking revenge even if flouts and jeers for a temporary purpose do the trick. If we seriously launch forth on this kind of a radical change, the least that the people can expect of the Government is that there should be an equally radical change in the outlook and organisation of the tax collection machinery. What is it that we have done about this tax collection machinery? A developing economy needs better trained and better organised system of tax collection, even as it needs a better type of Engineer, because as life becomes complicated, we have to have a better type of people trained for finding out how best to . . .

Mr. Deputy-Speaker: The hon. Member is not expected to address somebody on that side.

Dr. Krishnaswami: I am addressing them through you; I apologise for turning.

I should like to point out that a developing economy does need better trained and better organised system of tax collectors. Are we doing all

that can be done to infuse dynamism into our tax collecting machinery, into the administration of Income and other taxes? Do we have any method for recruiting the right kind of personnel or training them for these highly onerous responsibilities? Do we have in this important matter which we cannot avoid, an overall review of the way tax receipts are behaving, so that the administration can suggest steps for improving the methods of assessment? To my knowledge, we have not as yet taken any step in this direction. I suggest that the new Minister of Finance and the Minister of State for Finance will have that task cut out for them in so far as they have to organise the tax collecting machinery afresh. Instead, all that we have done in order to protect the so-called revenues is to land ourselves in a maze of taxation in the hope that we are plugging the loopholes. What we are doing is not so much to plug the loopholes as to plug the windows of our mind to some of the things that are occurring around us. What makes the situation most dangerous, in my opinion, is that so far, no Minister, no responsible Cabinet Minister in the Union Government has publicly admitted that this present system of taxation is only transitional and that steps will be taken to move towards the new system envisaged by Mr. Kaldor. If the Ministers would lay down the policy, then, I am sure that the efficient Central Board of Revenue would be able to find out how to bridge the gap and make the transitional period as short as possible. But, the policy has to come from the Minister. It is only then that the Board of Revenue will be able to re-organise its services and import a new dynamism into those services. If the present system is continued, if the present disregard for logic and consistency continues, the only result will be that we will have a monstrosity of a tax structure foisted upon the country with infinite harm to the economy. For, let us realise that in the present tax system, there is no scope for the little man to start a small business

and see it grow within his life time. We have today about 30,000 companies in our country. We have had them with us for the past 10 years. If we persist in this policy, the number will rapidly decline. The whole tenor of our tax policy favours existing companies as against new companies, favours ploughing back of profits by established companies as against diversion of saving to new companies. Since we have piled tax upon tax illogically, we are forced to mitigate hardships by concessions which will provide encouragement to investment. But in the major number of cases, this investment will come mainly from old companies. If we are serious about promoting a dynamism in our society, about having the national product increased as rapidly as possible, I say the time has come for a review of the tax structure, and for us to understand that today we are in the worst of both worlds; we have neither the virtues of the old world nor the virtues of Mr. Kaldor's world; we have the vices of both worlds. And the time has arrived when our statesmen should face up to the responsibility, think afresh and give a proper lead.

15 hrs.

This House, for its part, will always respond to suggestions from the other side. A responsive Minister will be able to make the Opposition more responsible. I hope and trust that my hon. friend the new Minister of Finance will be responsive to our suggestions and thus promote a greater atmosphere of responsibility and unanimity in this Parliament.

Dr. Subhila Nayar (Jhansi): I am grateful to you for giving me time to say a few words at this juncture. I confess I am not an economist, and I do not know too much about high finance. I even confess that some of the terms used in this connection are unfamiliar to me. However, there are a few general observations that I

[Dr. Sushila Nayar]

would like to make from the point of view of the common man in this country, and while doing so, I would first like to say one or two words with regard to some of the remarks made by some of the hon. Members from the opposite benches.

Dr. Krishnaswami has said just now that the present taxation structure in this country is all calculated to kill incentives, and that it does not encourage people to earn more. In terms of the directive principles of the Constitution which he quoted himself, not only have we to increase the production in this country and increase the total wealth of this country, but we have also to see to it that there is an equitable distribution of that wealth, and that wealth does not accumulate in a few pockets. If incentives mean that wealth should be allowed to accumulate in the pockets of a few hundreds or a few thousands or even a little larger number than that, then, certainly, that is not what we understand by the Directive Principles of the Constitution or the declaration of a socialist pattern of society which we are pledged to achieve. Therefore, I believe that the taxation policy followed by this Government is the correct policy, and it is calculated towards the establishment of the socialistic pattern, and towards the elimination of the tremendous inequalities which are the rule of the day and which we must eliminate. And it is most important to do so even to encourage more production so that the man at the bottom feels that if production is increased that the benefit is going to be distributed equitably and it would not go into the pockets of the rich or those at the higher levels of society.

I would further like to say that not only is it necessary for us to increase production and encourage equitable distribution through taxation and through law, but we, the people of this country, have also to learn to think in different terms. The incentives should change. The incentives

of the old times, accumulation of a tremendous amount of wealth, should no longer be held as the incentives. The incentives to see a happy and prosperous nation, incentives to see poverty and disease and ignorance disappear from this country should act as better incentives than the incentives of accumulation of individual wealth; and that is in the interests of the rich also because if there are a large numbers of have-nots in society, the few haves will always remain in perpetual terror and perpetual fear. Why is there all this tension in the world today? It is because there are too many have-nots in the world, and the haves are, therefore, afraid, and they have all the time to keep thinking in terms of their safety and their protection, and gradually it leads to all these tremendous tensions which are today endangering the peace of the world and the future of all mankind.

Shri M. R. Masani made the point that the embargo placed on the sale of new ventures for ten years is undesirable and should disappear. I am told by people that in some of the smaller new ventures, what they do is to keep on changing the name. After they have achieved a certain status, when they would fall due for a certain amount of taxation which they do not wish to pay, they change the name, and they are supposed to have sold the concern from one person to another; and in that fashion, they want to escape taxation. This is happening a good deal. With regard to this, I could give a small instance. It has just been brought to my attention at the time of my last visit to my constituency that the production of Dalda vanaspati up to 75 tons is exempt from duty, and thereafter, the production tax or excise duty or whatever they call it comes in. Therefore, what they do is that as soon as production begins to go higher than that, they change the names; and a few venture arises. The original is supposed to have been sold out to some one else.

Therefore, it is necessary that this sale process which goes on indiscriminately or used to go on indiscriminately should be curbed, and, therefore, I think the embargo placed on this kind of transactions, by Government, is correct.

I would, however, agree that the taxation collection machinery needs to be somewhat reoriented. Somehow, on the one hand, there is too much of leakage in tax collection all the time, and on the other, there is so much harassment of honest citizens, that goes on in the process of tax collection. One feels puzzled; and one does not know what is to be done. An hon. Member of the Upper House, Rajkumari Amrit Kaur, herself was telling me her experience in regard to the income-tax returns. Her family has been honestly filling in their income-tax returns for every penny, throughout a whole generation, under the British and afterwards, but even they are put to a huge amount of harassment before the income-tax returns are accepted. For that reason, I do feel that there should be some reorientation and some change in outlook and some re-education of the tax collection machinery. For that, it is necessary to enlist men and women of every high calibre into that Department. Their remuneration should be adequate, so that the temptations which are very many for illegal gratification should not be so necessary, or rather, I do not say they are ever necessary—that is a wrong term—but the temptations should, if anything be reduced to whatever extent it is possible.

Again, the second point that is necessary, for that reason, and that needs to be considered is that the margin of discretion left to the collector should be reduced as far as possible. At the time of the levy of the wealth-tax and the expenditure tax, the former Finance Minister stated that for medical instruments and other instruments for humanitarian use, relief would be given by making calculations on a special basis.

I do not think that this kind of discretionary power given to small officials to make calculations on a special basis is desirable. As far as possible, these discretionary powers should be eliminated, and the collection system simplified in such a way that, on the one hand, the leakage will stop or at any rate be considerably reduced, and on the other, the harassment caused to honest citizens and respectable citizens is minimised.

Now, I also agree with some of the hon. Members who have pleaded for increase of the income tax exemption rate. The limit of Rs. 250 per month is, I think, a little bit hard, as has been done at present. I would rather think that we should have more savings through creating this incentive for small savings, and in regard to that, I agree with the hon. Member of the Opposition, Shri Bimal Ghose, who has suggested a higher interest rate than 4 per cent on small savings. When banks today can get short-term deposits at 4½ per cent, for us to offer 4 per cent on the small savings for 12 years does not seem to be right. We should offer at least 6 per cent interest. The reason given for the present lowering of the income tax exemption limit was that a larger number is falling within this Rs. 3,000 limit and, therefore, income-tax should be brought to a lower level to cover this new group which comes up to the Rs. 3,000 level. I suggest that if we create this incentive, with the increased income for these people that is utilised in the form of small savings, so that it is available to the Government, and at the same time it is available to these poor families—for they do need money in these days of high cost of living—it will perhaps give more money to the hon. Finance Minister than his new lower level of income tax limit.

Then I do plead that the distinction, as was pointed out by Shri Ram Saran, between the married and the



[Dr. Sushila Nayar]

unmarried with regard to income tax level should go, and we should have the same level for income tax for all concerned. We want limitation of families. We want population control. Therefore, people who do not get married should not be taxed more for pursuing the policy of population control. At the same time, I do not think the exemption given for children, which is at the present moment Rs. 300 per child, is enough. I think we should at least have an exemption limit of Rs. 1,200 a year per each child. Maybe, we can encourage people to have two children, if we like, by giving exemption only for two and no more. But to give them exemption of Rs. 300 for the whole year for a child is, I think, not enough. That should be increased.

Now, I would come to some of the general things I wanted to say. The primary thing to which I wanted to draw the attention of the hon. Finance Minister is the functions of the Finance Ministry. I have been thinking that the job of the Finance Ministry is to see that maximum finance is raised, money is raised, revenue is raised and that it is spent wisely to produce the maximum results to promote the welfare of the people, to promote the prosperity of the people in the country. For that therefore, naturally, the Finance Ministry has created a Planning Commission and the Planning Commission, very rightly, tries to determine the priorities and in that fashion, encourage expenditure in the right directions. However, what actually does happen is that somehow or other, representatives of the Finance Ministry, wherever they may be, seem to think that their job is to stop expenditure or, at any rate, to place the maximum hurdles in the way of expenditure.

Now, I shall give you an instance. For the Education Ministry, the demand in the first phase before the Planning Commission for the Second Five Year Plan was Rs. 1,100 crores.

Ultimately, it was cut down to Rs. 307 crores. Now, in the year 1956-57, out of this, only Rs. 23.3 crores was spent. An amount of Rs. 307 crores is to be spent in five years. In the first year of the Plan, Rs. 23 crores was spent. In the second year of the Plan, the revised estimate of expenditure is Rs. 44 crores; maybe when the final figures come, it may be even less than that. So that in two years out of five, we have spent about Rs. 65 or Rs. 66 crores out of Rs. 307 crores.

Now, how is the rest of the money going to be spent in the remaining three years? Why does it happen? I plead with the Finance Minister that when the budgets are framed in the States or at the Centre let them exercise the maximum amount of scrutiny; let them see that the plans are properly prepared and that the plans are complete. But when budget has been passed, once finance has given their sanction to the budget to insist that each and every item at every step should be shown to them to be passed by them acts as a great bottleneck and discourages expenditure. I plead that it is the job of the Finance Minister to see that the expenditure that has been planned is spent, and spent in the right manner, and there is expeditious expenditure of that money so that the results of that can be achieved in time and can be enjoyed by the people in time.

The second point is that there seems to be a lot of fallacy in thinking that those items which bring in money are more important. Now, ultimately when we are thinking in terms of the welfare of the mass of the people, it may be that some of these social services, on which the guillotine is being continuously applied, are the very things which are ultimately going to increase the prosperity and the earning capacity and the production capacity of the nation. Today we seem to think that those items which bring in money are more important and those which only involve

expenditure like education, health and so on are not so important. I trust that the Finance Minister will see to it that this fallacy is corrected as far as possible.

In this connection, while talking of the social services, I would like to say one word about the disparity that exists between, for instance, the money that we provide for defence and for social services. Social services is not one thing. Social services include education, health, housing, welfare of tribes, social welfare, labour welfare and rehabilitation, slum clearance—everything is included in this omnibus item 'Social services'. And how much is the proportion of expenditure? 19 per cent. As against this, we are spending more than 45 per cent on defence in this budget. What is going to defend the country ultimately? Not these outmoded armaments and arms that we import, which are changing every year. What is their value in the face of all nuclear weapons. The real defences of this country lie in the hearts of the men and women of this country. If we develop that moral, that self-confidence that feeling that this is our country and, we have to defend it, that spirit is the thing that really matters. How did we win independence from the British? By having that spirit within us, not by having a stick. With the same spirit, we can defend our country and defend our independence. That spirit can be created only if we divert money towards development of the human material, human resources in this country, and not towards defence, which pours money into foreign countries to bring in all this outmoded defence apparatus.

**The Deputy Minister of Economic Affairs (Shrimati Tarkeshwari Sinha):**  
Mr. Deputy Speaker, Sir. . .

**Shri Feroze Gandhi (Rai Bareilly):**  
We were told that only back-benchers would be allowed to take part in this debate.

**Shrimati Tarkeshwari Sinha:** I am also a back-bencher in the Treasury Benches.

**Mr. Deputy-Speaker:** That was for the earlier day, not today. Today, we are calling leaders of groups.

**Shrimati Tarkeshwari Sinha:** Mr. Deputy-Speaker, Sir, I have taken this opportunity to take part in this debate to elucidate and clarify certain points raised by a few of the Members of the Opposition, including Shri Asoka Mehta.

The point raised by Shri Asoka Mehta during the budget debate that Government have no price policy has created a lot of interest in the House as well as outside in the country, and I think it my duty to clarify certain miscalculations that have given rise to that analogy or analysis which Shri Asoka Mehta has been pleased to make on the floor of this House. The hon. Member has argued that Government have no price policy, and that Government should have a price policy and the contribution by having a good price policy for the agriculturist specifically, the contribution of the Plan might be raised by increasing the potentialities of the resources.

15-20 hrs.

[SHRI C. R. PATTABHI RAMAN in the Chair.]

There are no two opinions about the fact that we should have a price policy, a more scientific policy for the agricultural sector—not only the agricultural sector, but almost all the sectors of economy. I do agree with Shri Mehta that it is very important to ensure to the agriculturists a fair deal and to reduce the sharp fluctuations in price which occur from time to time in our economy, though, I think, Shri Mehta might also agree with me that some variations in the agriculturists' income is bound to happen. It is rather unavoidable because crops themselves are so variable and unpredictable. However, I again

[Shrimati Tarkeshwari Sinha]

say that we should reduce fluctuations as far as possible by suitable purchases and stock-piling. There cannot be two opinions in regard to that. But in supporting what, on merits, is a good case, Shri Asoka Mehta and some of the other economist friends like Shri Ranga on that side have . . .

Several Hon. Members: Shri Ranga is not on that side.

Mr. Chairman: The hon. Minister only meant sitting on the opposite side.

Shrimati Tarkeshwari Sinha: They have put forward some estimates of the losses suffered by the agriculturists and even suggested that something or other—whether in money terms or in the real terms—that is not clear from his speech—has gone up in smoke or vanished into thin air.

He quoted during the Budget debate two figures, as far as I remember, of the losses beginning with Rs. 1,000 crores and ending with Rs. 1,500 crores. Perhaps, he could not make up his mind as to which of the two was the correct estimate of the losses to the agricultural sector. That is why it is very necessary to examine this point and I would like to take some time of the House to analyse that point of Shri Mehta.

Presumably, Shri Mehta has taken the value of the output in the agricultural sector at current prices since the beginning of the First Five Year Plan—that means to say 1950-51—and has worked out the losses by multiplying that year's output by the number of years and deducting from it the sum of the output of each year at current prices. The relevant table would then be as follows:

The gross income of the agriculturists was as follows:

1950-51	Rs. 48.90	crores
1951-52	Rs. 50.20	"
1952-53	Rs. 48.10	"
1953-54	Rs. 51.10	"
1954-55	Rs. 43.50	"
1955-56	Rs. 45.30	"

That brings out the minus that has been quoted by him; it comes out to Rs. 1,080 crores. But, it will be seen on the basis mentioned above, that though agricultural income of the earnings of the agriculturist sector were Rs. 1,080 crores lower for the period 1950-51 to 1955-56, than they would have been if the 1951 prices had prevailed—and that is the line of argument that has been taken by Shri Asoka Mehta—there is no doubt that there is a semblance of validity in his calculation. But what he has overlooked—and that is the point that I want to bring before this House—is the fact that in 1951-52 the agricultural prices were exceptionally high. The index of food articles of that year was 398.6 and of the raw materials was 591.9 and the general index for the year was 434.6.

But, I do not think even the Asoka Mehta Committee that went into this question of agricultural prices has suggested—nor any other economist in the country has suggested—that the level of 1951-52 was the right level or the sustainable level for the agricultural economy or for the agricultural sector. And the demand all over the country—I remember from the debates raised in this House—was for measures to bring down this high level of prices.

Shri Ranga: Question.

Shrimati Tarkeshwari Sinha: The hon. Member will look at the debates. In 1956-57, the agricultural prices rose again so that even if there had been a loss of Rs. 1080 crores according to Shri Asoka Mehta's line of argument, as much as Rs. 670 crores out of the accumulated losses have been wiped out this year by the rise in prices.

But, there is another and very important point that has been overlooked by Shri Asoka Mehta and that is how much agricultural produce is actually marketed. He is a very learned economist and he himself knows this that not more than 50 per cent of the agricultural produce goes to the

market for the purpose of sale and that 80 per cent is consumed or retained for direct home consumption. Therefore, this part of the output is unaffected by any changes in the prices and the losses on this part of the output is purely valational. He has made an overall estimate of the losses and has not taken note of that aspect—of the produce that does go for sale in the market.

Therefore, if we really compute the real income that has come out or gone into the pocket of the agricultural sector, if we take the figures for 1952 as the basis of comparison because the price was the highest at that time, the position of the real income that has gone or come into the pocket of the agricultural sector will be as follows:

in 1951-52,	it was	Rs. 210 crores ;
in 1953-54,	"	Rs. 500 " ;
in 1954-55,	"	Rs. 460 " ;
in 1955-56,	"	Rs. 280 " ;
in 1956-57,	"	Rs. 880 crores.

That means if we compute on the basis of 1952-53 figure, the losses over the First Plan period works out at only Rs. 30 crores to the agricultural sector and on that basis the income that has gone to the agriculturists in 1956-57, there is an income of Rs. 850 crores. If we add the total real income of the agriculturists, then, there has been no loss; rather there has been a gain of Rs. 850 crores in the income of the agricultural sector. It would appear otherwise, depending upon the level of consumption or the level of money income that you get as your background or that you fix as a reasonable percentage of real income that should go as prices to the agricultural sector. I repeat that Shri Asoka Mehta also, as the Chairman of the Foodgrains Enquiry Committee, has not suggested that for fixing the reasonable income for the agricultural sector, the price level of 1952-53 should be taken as the criterion. Therefore, what actually matters is not so much the gain or loss in terms of prices but the movement in real terms of trade, that is the purchasing power of the product of the agricultural sector in terms of the products of the other sectors.

Shri Asoka Mehta (Muzaffarpur): Have you worked that out?

Shrimati Tarakeshwari Sinha: Yes. I am just quoting. If we make a calculation, between derivation of terms of trade and real income of agriculture, it will be noticed that as compared to 1948-49, the real incomes of agriculturists are Rs. 4700.1 crores, Rs. 4800.2, Rs. 5100.8, 4300.3 and Rs. 4500.2 crores from 1951-52 to 1955-56.

The figures that I have quoted reflect the changes in the real purchasing power of the agriculturists and we can say that the loss to agriculture as a result of changes in the relative prices as compared to 1948-49 works out of about Rs. 890 crores during the First Plan period. In 1956-57, however, the gain was of Rs. 470 crores. So, there has not been much loss to the agricultural sector if we take these figures into consideration and arrive at the real conclusion on the basis of these figures. I would also like to say another thing. The losses that had been mentioned in the debates of the House are not really losses to the economy. I was surprised that Shri Asoka Mehta should say this. All the Rs. 1050 crores cannot go into the air. The national wealth has increased. The income of one sector is affected; the other sector, however, has gained. I do not accept the viewpoint that something has gone into the smoke and completely lost and it cannot be counted as an increase in the national income. There may be need to transfer the purchasing power from this sector to that sector but as a whole the national income has gone up and so every sector has gained on the whole.

I agree that there is scope for utilising the rural savings. But I do not agree with Shri Asoka Mehta that rural saving is being affected because of rise in prices or because of fluctuation in prices. There are other things that should be taken into consideration and we must find out ways and means as to how to increase small savings or how to increase the capacity of the agriculturist

[Shrimati Tarkeshwari Sinha]

to save. But I do not think that there is any bottleneck or lacuna so far as small savings is concerned exclusively due to the fluctuation in prices.

Some other hon. Members had referred to foreign investment. Some hon. Members from the Communist Party were very vociferous in regard to this and have said that no encouragement should be given to foreign investment. Shri Nagi Reddy almost threw a challenge on the floor of this House saying that no country has gained by foreign investment. I have taken up this point and want to quote some figures. I want to throw a counter-challenge and say that no under-developed country has developed without it.... (Interruptions).

Shri V. P. Nayar (Quilon): We are not prepared to accept that challenge.

Shrimati Tarkeshwari Sinha: No under-developed country has ever developed without any foreign assistance or loan or investment in recent history.

Shri Nagi Reddy (Anantapur, rose—

Shri Feroze Gandhi: Be chivalrous and sit down.

Shri Nagi Reddy: My point was this. The loan is acceptable, the grant or any help is acceptable. But there should not be foreign private investment in the industrial concerns of our country to be managed by them; no profits to be taken by them exclusively out of our country. In that way no country in the world has ever developed.

Shrimati Tarkeshwari Sinha: Even in regard to foreign investment, almost all the under-developed countries including Soviet Russia have benefited from foreign investment.... (Interruptions.)

Mr. Chairman: Order, order. I think she has understood the point and has endeavoured to answer it.

Shrimati Tarkeshwari Sinha: Why do not they be patient and listen to me? The development of the U.S.A.

was itself facilitated not only by the capital which the migrants took there but by the steady investment in the U.S.A. by Britain and later by other West European countries. The development of Canada in recent years is wholly based upon the large inflow of capital from U.S.A. and other western European countries including U.K.

Shri Nagi Reddy: She may read the article in the *Hindustan Times* published some three days ago.

Shrimati Tarkeshwari Sinha: I am referring to it myself. I think I am better informed than the hon. Member sitting there, I have also gone through that report. I would like to quote from the Gordon Report itself. This is the finding given in the report—I am reading from the *New York Times*:

"The Commission's final report made recommendations in the belief that they would not check the flow of U.S. investment. The inflow of capital, in the view of the Committee, was held to be essential to the country's rapid development."

That committee has put certain safeguards but they are nothing compared to our safeguards. Their safeguards are mainly three: namely, diversion to Canada of a larger share of foreign investments, into bonds and mortgages, association of foreign investment with Canadian capital and Canadian interests and the assurance over control of Canadian banks, financial interests and life insurance companies.

We have put more checks, much more vigorous checks in our terms of agreement with regard to foreign investment and I do not think that there is any fear that our interests will be made to suffer.

I now come to the other countries, not only Canada but other countries. Most of the Latin American countries have taken tremendous amount of foreign investment and loan for their development.... (Interruptions.) Why

should they be so much agitated? I am also coming to Soviet Russia. In the case of Latin American countries the value of U.S. direct investment rose from \$2.8 billion in 1943 to \$6.6 billion at the end of 1955. There cannot be two opinions in this regard that Latin American economic growth has been tremendous during these few years.

I now come to the Soviet Union and I think my hon. friends opposite will keep quiet for some time because it is to their interest. Here is an analysis of the Soviet Union which shows that even after the August Revolution . . . (An Hon. Member: October) I am sorry . . . even after the October Revolution, the Russian Government tried to get loans from abroad. But this effort did not prove fruitful because the Russian Government had repudiated past debts. Therefore, they could not get money and they appointed a commission to find out a way. They decided to give concessions to the foreign investors so that foreign investment may be attracted towards Russia. This is what Russia did, I am quoting one of the very great authors who has written about Russian economy . . . (An Hon. Member: Name him.) Harry Schwartz . . . (Interruptions.) I do not know why the hon. lady Member is feeling so disturbed about Soviet Russia . . .

Shrimati Kenu Chakravarty (Basirhat): Because of your knowledge of 'August' Revolution . . . (Interruptions.)

Mr. Chairman: The hon. Deputy Minister can take care of herself and need not mind these interruptions.

Shri Ferose Gandhi: You must protect her, Sir.

Shrimati Tarkeshwari Staha: He says that during the 1920's the USSR did permit foreigners to obtain concessions. Mind you, Sir, this refers to the very important industries in Russia. It says:

"During the 1920's the U.S.S.R. did permit foreigners . . ."

" . . . to obtain concessions to operate mining, manufacturing, trading and other enterprises."

So, they also allowed trading, Sir.

"And, as late as June, 1928, over 97 foreign concerns were in operation in the Soviet Union."

There is also another figure given here. It is said:

"About that time, 30 million dollars were already invested in 39 concerns operating in July, 1927; this sum was estimated to be less than one or two per cent. of all the capital invested in the U.S.S.R. As late as 1929, the Chief Concessions Committee of the U.S.S.R. was seeking to interest foreign investors in building such important projects as the Magnitogorsk and Taganrog metallurgical works. But foreign capitalists could hardly be expected to be enthusiastic about investing their money."

The foreign capitalists could not be interested very much because of the past repudiation of debts, and also because of the fear of the policy being followed by U.S.S.R. in future in regard to world capitalism, in regard to foreign private capital and in regard to private enterprise. As I said before, a Committee was appointed by the U.S.S.R. Government to look to the concessions that can be provided to foreign investors, especially private foreign investors. But, because of their past history nobody was very much interested in that. Therefore, they could not get the capital they wanted, and they had to suffer for this lack of capital. We do not want to repeat the same mistake. We do not want to create a sense of fear in the minds of foreigners that something is going to happen to their money. We want to assure the foreign investors that their money will be respected, their money will be honoured and their capital will be repaid if they want it back. But they shall always have to keep in mind—they shall have to accept our terms of agreement—the terms by which our industries and our national enterprises may not suffer. "

[Shrimati Tarkeshwari Sinha]

Therefore, I think, Sir, this is not the climate,—I want to say this on the floor of this House—this is not the time, this is not the weather when we should really create a sense of fear among the foreign investors, because in terms of the requirements of backward countries the capacity of investment is very small. There are so many countries asking for foreign investments, foreign loans. They want foreign technical help, foreign financial help. The difficulty is with the lending countries, not with the borrowing countries. Therefore, by our utterances, by our attitude, we must not create any sense of fear or unpleasantness in their minds.

Today, Sir, United States of America is the single biggest lending country in the world. Till the end of 1955 the total U.S. direct investment abroad amounted to 19.2 billion dollars of which roughly about a third was in Latin America, another third in Canada and the remaining was equally divided between Europe and other countries. That means, a very small part of their investment came to this side of the continent—Asia. That investment is decreasing day by day; that is to say, even the U.S. pace of lending has decreased. For the present, the United States, which is even today the largest single source of capital, has been investing abroad over the last ten years at the rate of a little over a billion dollars a year. That means even the U.S. pace of investment abroad has decreased. We must not add further to that decreasing tempo of investment by creating unnecessary unpleasant atmosphere in this country. That is why I submit that we must give them all possible benefit—of course, looking to our national interest, safeguarding our national interest; but never creating that feeling of ill-will as my friends on the Opposition are trying to create, an atmosphere of ill-will with all the lending countries in the world and not only the United States of America. We do not want to follow that pattern. We

want to assure all the foreign lending countries that their capital, their capacity to lend will be honoured as far as our capacity to honour all the time.....

Shri B. C. Prodhan (Kalahandi—Reserved—Sch. Tribes): That is not right. Why should there be foreign capital every now and then?

Shrimati Tarkeshwari Sinha: So far as foreign business investment in India is concerned, because of our soundness in economy, because of our stable economic system and our deep faith in democratic traditions, I am happy to announce that the foreign investment in India, which was Rs. 288 crores by the middle of 1948, has increased to Rs. 481 crores by the end of 1955. We hope that by creating an atmosphere of goodwill and by keeping our economy stable, we shall be able to create a favourable climate for further investment of foreign capital in this country.

Sir, then I want to take the third point, and that is in regard to a reference that was made about the economic paradox by some Members of the Opposition. They said that on the one hand consumption is falling and on the other hand the prices are also rising. They have tried to explain to this House that this is a big paradox. They have tried to show that whereas the demand has been falling there has always been this rise in prices. I want to say that there has been no fall in the consumption rate as it is. There has been a certain fall in some sectors of society or some sectors of economy for the time being or, I should say, a temporary fall. But, taking the overall picture of consumption level there has been absolutely no fall so far as the total level of consumption is concerned. We want that there should be a fall in the consumption level. We want to decrease the consumption of goods and restore the same amount of resources for the production of some vital and basic industries; we want to divert some of our resources to the producers' industries sector from the

consumers' industries sector. We tried our best to reduce the consumption, but actually there has not been any appreciable fall. We tried to reduce the consumption of cloth in this country and increase the export market, create an atmosphere of out-flow of cloth. But we could not succeed in that because the internal market for cloth was much more profitable than the external market. Therefore, we have not been able to reduce the consumption level at all in spite of our best efforts. But, as I said, in some sectors of economy there has always—that is a sort of an economic law—been a fall and also rise in some other sectors of economy. Nobody can avoid that. No policy in the world can avoid that sectional fall in consumption level and rise in prices. I only want to point out that there has not been any fall in the total level.

As, perhaps, my friend has been looking to the agricultural side,—to the side of per capita availability of food grains, and has come to that conclusion by taking only one sector of economy,—Agriculture—I do agree that there was a decline in the per capita availability of foodgrains in 1955-56, but the per capita availability in 1957 is much better, almost the same as in 1954. There are, however, certain important calculations. The calculation of gross availability of foodgrains is not the same thing as the volume of foodgrains available in the market. Allowance has to be made for increased retention by the agriculturists and also for changes in stock with wholesalers and retailers. In a period of declining prices as in 1955, there has been a tendency for traders to decumulate their stocks. It is also probable that the amount of produce retained by agriculturists varies inversely with the prices. That means in the periods of declining prices, the agriculturist may sell less and less, but he may do the opposite if the prices are high or are rising. It is, therefore, rather difficult to arrive at any exact estimate of per capita consumption on foodgrains. I do not know what is

the basis of my hon. friend's calculations. I can hardly locate the genesis of his calculation because, as far as I know, it is very difficult to arrive at any exact estimate of per capita consumption of foodgrains.

So far as the other things are concerned, as I said before, between 1953 and 1956, there appears to have been a substantial increase in per capita consumption of other consumer goods. A rough indicator is an increased production of a number of those goods. I have got the figures, but because I have already taken a lot of time I would not quote the figures. But the items are, textiles, sugar, vanaspati, cigarette, etc. for which the figures are here. In all these consumer goods industries, there has been a tremendous increase between 1953 and 1956. In addition to these things, there has been a very, very large increase in production of various durable consumer goods such as bicycles, sewing-machines, radio receivers, etc. The export of these articles has not risen to any great extent, and most of the increased production has been absorbed in the domestic market. So we cannot very well say that the level of consumption has gone down and so it is not the paradox of our economy that on the one hand consumption is falling and on the other hand the prices are rising. To say that it is so in this country is not a fact and this argument is a very, very fallacious argument that has been advanced by the other side of the House.

Then there is a trend of prices. It is true that prices have risen; there is no doubt about that if we study the index of wholesale prices for a year

Shri Khadilkar (Ahmednagar): May I point out that so far as this discussion is concerned, the time is rationed between the official benches and the Opposition. Is there any recent change in that?

Mr. Chairman: Well, I think the hon. Deputy Minister is finishing now

Shrimati Tarakeshwari Shaha: Ye Sir, in two or three sentences. I say that a part of this increase is attribu-



[Shrimati Tarakeshwari Sinha]

able to changes in excise duties and to measures such as the pooling of prices in the case of steel. A sharp rise in both fuel, power and lighting and lubricants during 1956-57 is mainly on account of the revision of the coal prices and increased excise duties on petroleum products. But, as I said, though there has been a rise in the price of some of these commodities, since 1954-55, a fall has set in, and though the index of prices for all these commodities rose from 89 in May, 1949 to 112 in August, 1957, though the rise was very sharp in cereals, edible oils, etc. though there has been some increase in the price of manufactures also. In recent months there has been a more or less continuous decline. In spite of the fact that some of our prices are rising, there has been more or less a continuous decline in prices and the general index of wholesale prices has come down by about five per cent. These are the only points I wanted to clarify. I have done.

बे. बें. पं. नायर (बख्शाल) :

सभापति महोदय, मैं एक बात कहना चाहता हूँ। आर्थिक कार्य उपमंत्रि ने हम को श्री बाबूजी की कार्य-शिष्टा दी है। इस लिये मैं आप के द्वारा उन को बन्धवाद देना चाहता हूँ।

Mr. Chairman: Shrimati Ila Palchoudhuri.

Shri D. C. Sharma (Gurdaspur): Is this day reserved for ladies?

Shrimati Ila Palchoudhuri (Nabadwin): I do not see why ladies should not have a chance. The men have all spoken.

Mr. Chairman, I have been listening very attentively to our new Deputy Minister of Economic Affairs, and I was really very happy to hear her say that the investment of foreign capital in our country is increasing in all directions.

Mr. Chairman: I would request the hon. Members to see that there is less noise. The hon. Member can come nearer the mike.

Shrimati Ila Palchoudhuri: Sir, I think I can be heard. The hon. Deputy Minister said that we should create such an atmosphere that the investment of foreign capital should not suffer in our country. When we look at our country we must always remember that we have created such a condition that all foreign countries look to India to see that today democracy does work out in India, and that is why I think every country is willing to support us. I do not know about Russia. I do not know why the hon. Member opposite wanted to refer to Russia, but I believe Russia must also have her own reasons. However, I would like to bring to the notice of the Finance Minister that there are certain things, if I may submit, that we have propagated in regard to our taxation policy. That in itself is the whole structure. If we look at the Plan, we have got the taxation structure, and as far as it goes, it is good, but then there are certain things that we have to consider. Here, we have found that we are practically the most heavily taxed people, when compared to any other country in the world. Even Prof. Kaldor who was in India a short time ago has said that he was surprised that the things he had recommended have not been carried out and yet the taxation has been increased. So, it is almost like sponsoring Ayurvedic medicine without its "anupan", because Ayurvedic medicine depends on what we eat with it. If we are going to impose all the taxes, and not reduce the income-tax as Prof. Kaldor has suggested, it is going to have a very detrimental effect on the whole country, and particularly on the middle-class society. Therefore, I would like to invite the attention of the hon. Finance Minister to this aspect, because even in America, which is the richest country in the world today, they want to reduce the taxes. America has said that they want to reduce their taxation to the tune of six billion to seven billion dollars, and the Plan is to give some relief to all tax-payers.

with a large cut on personal taxes and also in the corporation taxes. The present exemption limit on income-tax is 600 dollars and it is contemplated to raise it to 700 dollars, so that if people did have a little extra money they would spend it and the industry of the country would be boosted. I think the whole spending would be again available to Government in various taxes. So, I would certainly recommend to Government the need to look into this structure as far as possible and see if the Finance Minister could see his way to doing a similar thing here.

Secondly, I would like to take up the question of States in this connection. The second Finance Commission recommended certain things and it also recommended that unless their recommendations were considered in their fulness, the States would not be able to get through their Plans. The whole recommendations were not considered by the Centre. One of the important recommendations of the Finance Commission was that all loans, barring certain particular items, should be consolidated. Whatever the Centre had considered about executing that recommendations then, it has not been done yet. It must also be remembered that the Centre had said that they would consider this, but at the last moment, orders were rescinded and much dislocation in the States' finances has taken place. Industrial States like Bombay, Calcutta and Madras have found it very difficult to implement their plan policies unless the recommendations of the Finance Commission are taken into consideration fully.

The Finance Commission made their recommendations. Now, the whole thing was reviewed and certain orders were even rescinded. If that is done, it is now about time to throw open the whole series of recommendations of the Finance Commission, and review them again so that the States can put forth their plans and not become more and more dependent on the Union finances. It is urgently needed that a fixed sum be given as an award. Particularly, the Centre

should not give loans at a rate of interest greater than that the Centre can borrow and thus get more from the States. For instance, take the gifts from outside, like the gift to the Canada Dam. Yet, that is being given to the States and there is interest charged on that. This is very surprising, and I hope the hon. Minister will consider this and see how the States can be helped, because if the States do not fulfil the Plan, the Centre also will find great difficulty in getting through the Plan.

16 hrs.

Also there has been great discontentment about the raising of the teachers' pay and of employees of local bodies. I think lately some announcement about that has been made. But I must say that in the municipalities, in small district towns, the pay that the conservancy services get is very poor. If there has been some announcement that a sum of Rs. 5 or more is expected to be given, that is not something very great, because in small towns, the people in the conservancy services get Rs. 5 or Rs. 6 per month. Can a person getting Rs. 6 per month exist on such a pay in this Welfare State? I think the case of these people also must be considered.

Coming to the Finance Bill, I would like to bring to the notice of the hon. Finance Minister certain clauses. To clause 7, I have myself given certain amendments. In regard to this question of development rebate, the industries, particularly the ship-building industry, are grateful for the provision about the development rebate, but the conditions attached to it do involve a great deal of difficulty. I am glad that the Finance Minister has more or less met my amendments, but some difficulties still exist and I hope he will see his way to removing them, because the ship-owners, particularly, will find these difficulties very great if they cannot sell their ships.

Take, for instance, a ship which piles in a certain trade-cargo trade or carrying passengers. If that traffic disappears, then they must change

[Shrimati Ua Palchoudhuri]

that ship. They cannot use a cargo ship for carrying passengers and vice versa. So, you must change it and you must be able to sell it. You cannot keep obsolete ship or machinery. You are wanting our country to progress, and yet if you put difficulties in the way of progress, I think you defeat your own object. For instance, some ships travel at 14 knots an hour. Some American ships now getting into the cargo trade have a speed of 17 knots per hour. So, we have to sell our old ships travelling at 12 or 14 knots and get ships travelling at 17 knots an hour. We can sell them only by getting the permission of the Government. We should be able to sell them without difficulty, when it is necessary to do so for the good of the country and for the good of the trade.

It is not a case of private sector or public sector. It is always everytime the Indian sector. The private sector knows that they are also working for India and what they ask for is not only to fill their own pockets, having a narrow outlook, but to enlarge the horizon of India and to make India's coffers richer by their efforts. It has become the fashion Sir, always to say something against the private sector. I must say that the private sector is as loyal and patriotic as the public sector.

16.04 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

I want to bring to the notice of the hon. Minister another thing and that is the Rehabilitation Finance Administration. The loans given by the rehabilitation finance administration have become less and less and tapered down to such an extent that I think out of every 6 loans, they are able to give only one, because the conditions are so rigid and they ask for a guarantor also that it is almost impossible to comply with those conditions. In Calcutta, I have been interviewing a number of loanees in the rehabilitation finance administration. In every case, we find that they are not able to

supply the guarantor. Now, we have created a wonderful class of people—professional guarantors. When a loanee comes to the guarantor, the guarantor asks for some money for being the guarantor. For a loan of Rs. 6,000, the guarantor wants Rs. 2,000. The poor loanee has to pay other creditors also and ultimately he finds that the loan itself was no good. I would like to ask whether the rehabilitation finance administration rules cannot be changed and made less rigid. I also request the Minister to look into the guarantor system and see how this can be made to work better.

Lastly I would like to bring to the notice of the House something about tea. Tea Sir, is a foreign exchange earner. But 50 per cent. of India's tea is common tea and you have placed a duty of 6 annas a pound. But by the time the Indian tea goes to foreign markets, all sorts of other duties are put on it. So, Indian tea cannot survive when it has to compete in foreign markets and pay this duty. In South African and African markets, there are other teas and in competition, Indian tea is suffering in every way. Everytime it is brought to the notice of the Commerce and Industry Ministry they say that "quality must be improved." You cannot improve the quality of tea; it is a natural commodity and the climate, rainfall and other conditions have everything to do with it.

So, if you want to save Indian tea and earn foreign exchange then, put a flat rate of 3 annas a pound on all teas or introduce an *ad valorem* duty, so that Indian tea can survive. We have terminated the International Tea Market Expansion Board in October, 1952 and our Tea Board is there. There is also the tea cess accruing to the Board and our biggest market is the United Kingdom. So, if our Indian tea cannot survive, we lose valuable foreign exchange to that extent. So, the Tea Board must make all out effort to employ the money at their command to enhance our hold on the U.K. and world markets.

I was very happy to hear the hon. Finance Minister himself say that all precautions will be taken to plug wholesale evasion of taxes. I think evasion of taxes is there in all parts of the world and India is not the only place where evasion occurs. But at the same time, evasion will be there, because after all it is human nature to try not to pay some taxes and it is also administrative nature to try and go after the tax-payer. Unless he is compelled and forced, the taxpayer will not pay taxes perhaps to the full, as he should . . .

Mr. Deputy-Speaker: The hon. Member's time is up.

Shrimati Ila Palchoudhuri: There is one more thing. The income-tax account books are written in various States in various languages. I can speak of Calcutta where many of the account books are written by the marwaris in Mundi. Unless the income-tax officer is very conversant with that language, he cannot really examine the account books thoroughly. It reminds me of a story. There was a *munim* who wrote in Mundi

“लाला जी घजमेर गये, बड़ी बही  
को जलरी भेज दो”

he wanted the big account book to be sent. But it was read by the second *munim* as

“लाला जी घाज मर गये, बड़ी बहू  
को जलरी भेज दो”

That is the sort of language difficulty that we are faced with. So, a thorough examination of the accounts cannot be done unless the persons examining them know the language properly.

The Deputy Minister of Commerce and Industry (Shri Satish Chandra): That is the tragedy of the script, not of the language.

Shrimati Ila Palchoudhuri: That is the tragedy of the script, but it has to be learnt thoroughly to go into the accounts and examine them. That is one of the ways of stopping evasion—knowing the language properly—so that accounts can be thoroughly scrutinised.

With these words, Sir, I support the Finance Bill very warmly, because I know that it is the efforts of the Finance Minister that is going to get us through the Plan.

Shri Vasudevan Nair (Thiruvella): At the outset, I would like to make some observations about the remarks made by the hon. Lady Deputy Minister. I would request her not to distort what the Opposition Members speak. I want to make it very clear that we are not against foreign capital as such. We have made it clear several times that we are particularly against the investment of private capital in our country. More than that, we are against the tendency of the foreign private capital to have over-all control over the industries in which they invest their capital. We are not against foreign capital being given as loan from countries which are friendly to us and we should try to get such kind of foreign capital on the basis of arrangements between the various Governments. Our position is that we should not very much welcome foreign private capital in our industries. The hon. lady Minister tried to throw a challenge at us. I would have liked to accept her challenge. But, I am sorry, I cannot do that, because there is very little substance in her challenge. As I have made it very clear, it is a distortion of facts to say that we on this side are against foreign capital as such. We are only against foreign private capital, and that too foreign private capital controlling the entire industries in which they invest their capital.

While speaking on the Finance Bill, I am reminded of the speech made by the hon. Prime Minister in reply to the general debate on the budget. At that time, he tried to reassure the House and the country that our national economy as a whole is sound, that we need not be very much upset over the future and that we can manage our affairs. He added, all the same, that he is very much worried about certain forces working in this country. He called such forces “disruptionist forces” and he referred to cer-

[Shri Vasudevan Nair]

tain agitations which the people are carrying on. He referred to the refugee agitation in West Bengal and to large scale movement of people. I agree that he also referred to certain other fissiparous movements, disruptionist movements and the controversy over the language issue.

But my complaint is that the hon. Prime Minister did not try to differentiate and specify them. I agree that there are disruptionist forces in this country. There are tendencies in this country which may not be very helpful for the development of our Five Year Plan, for the ultimate good of this country in every sphere. But there again we have to differentiate. Who stands for the development of the Plan? Who stands for the implementation of the Plan? That is the question. Which is the force that is working for it and which is the force that is trying to disrupt the development of the Five Year Plan? Who is trying to arrest the progress that we are trying to achieve? When we examine the situation in that light, I have to submit that there are certain forces which stand in the way of our development. They want to wreck this Five Year Plan. They are very much worried about the development of the public sector and they want to give dominance to the private sector over the public sector.

Shri D. C. Sharma: Who are they?

Shri Vasudevan Nair: I will come to that. I want to invite the attention of my hon. friend, Shri Sharma, to the proceedings of the annual conference of the Federation of Indian Chambers of Commerce and Industry that was held in Delhi a month back. I would like to say that there is almost a cold war going on between the private sector in this country—at least a leading section of the private sector in this country—and the Government and the people at large. They want the Government to go back on its policy. Their slogan is “de-nationalise”. They want to split the Life

Insurance Corporation into three or four companies. They want the expenditure tax, the wealth tax and such other taxes to be scrapped. I would like to point out to the hon. Members and the House that one gentleman in the conference characterised the expenditure tax and the wealth tax as capital punishment to the capitalist class. Their slogan is “down with the public sector”. And it must be remembered that Mr. Chinai, a leading member of the Chamber of Commerce and Industry, has even questioned the very aim and objective adopted by this Government and this country, that is, the socialistic pattern of society. He asked the Conference to attack the socialistic pattern of society. The same gentleman, Mr. Chinai, is elected to the Rajya Sabha on the congress ticket.

Our friend, Shri M. R. Masani, has even today argued for the interests of the private sector.

Shri M. R. Masani: That is what you think.

Shri Vasudevan Nair: Such voices are heard in this House. We hear similar voices in the ruling party too. A man who questions the very concept of socialistic pattern of society, the very objective set forth by this Government and this country, is elected to the Upper House on the congress ticket. I am afraid those private interests, the private sector who wanted the expenditure tax and wealth tax to go, who wanted to declare a sort of cold war against the Government's policies, they are succeeding; their attempts are bearing fruit. That we can see in the concessions announced by the hon. Finance Minister last time in the question of development rebate. In the concessions announced by the Finance Minister we can see the surrender, the abject surrender, on the part of the Government before the vested interests. I would request the hon. Members of this House—we by ourselves are very weak; we know that—to put a stop to this. We should not

surrender any more before these vested interests.

I am afraid, the hon. Minister—some hon. Members paid tributes to him; of course, I would like to come to that—is a bit partial towards these interests. That is all the more reason why we should all stand united and demand that no such concessions should be given to the private interests. From the speech made by the hon. Mr. Masani, it may be seen that the private capitalists are getting ruined and that they will be nowhere in four or five years if we go at this rate and if the taxation remains like this. But it is strange how their profits are increasing though the investment is less. Nobody can deny these facts. Still, they are trying for concessions from the Government. We should not give them that.

Now I will come to another question. Some two or three days back my hon. friend, Shri Nagi Reddy, talked about the collection of income-tax. He has pointed out that from 1948-49 up to 1955-56 the collections from income-tax have gone down substantially. Not only there is no increase, but there is a decline in the collection of income-tax. I would like to give some figures with regard to that. The collection of income-tax including corporation tax was as follows:

Year	Amount collected
1948-49	.. Rs. 197 crores
1949-50	.. Rs. 172 "
1950-51	.. Rs. 179 "
1951-52	.. Rs. 181 "
1952-53	.. Rs. 188 "
1953-54	.. Rs. 170 "
1954-55	.. Rs. 167 "
1955-56	.. Rs. 180 "

So, in 1948-49 it was Rs. 197 crores and in 1955-56 Rs. 180 crores. We all claim that production has increased. True. Profits have increased. True. The national income has increased. True. But, what about the collection of income-tax and also corporation tax? It has actually decreased. Of course,

the hon. Minister may point out that in 1956-57 there is a slight increase. Of course, there will be some slight increase in 1957-58, because the tax limit was lowered from Rs. 4,200 to Rs. 3,000. So there will be some slight increase of the same from 1948-49 till 1955-56. There is no substantial increase. On the other hand, there is a decline. I would like to know what is the explanation that the Government has to give on this subject. More than that, we all know the story of tax evasion. On the 31st December, 1957, it was Rs. 263 crores. Last time replying to the debate on the Ministry of Finance, the hon. Finance Minister tried to explain away this huge sum of Rs. 263 crores. At that time he said that nearly Rs. 32 crores could not be collected because there were some appeals pending. We would like to know what the department was doing all these ten years. For these ten years you could not dispose of these appeals. You cannot escape from the responsibility because for ten years you could not collect Rs. 32 crores due to these appeals. The forces that are trying to wreck the Plan are in this position in our country. Even a child can just point out. We would like the Government to stick to the declared objectives of the Five-Year Plan which, I am afraid, at present we are not doing. We are afraid the present leadership in the Government and the present leadership in the ruling party is going to surrender. There is a big danger that they are going to surrender before the vested interests and the whole House and the whole country should come forward to demand from the Government an assurance that they will not do that and that they will stick to the declared objectives of the Plan.

Last time while answering to the criticism made by hon. Members in the Opposition, specially in our party, I am sorry the hon. Finance Minister was dodging issues. He refused to answer the criticisms—real and substantial criticism—raised by hon. Members of the Opposition. He then

[Shri Vasudevan Nair]

began to preach about democracy and totalitarians. I should submit that we were really so much disappointed by the performance of the hon. Finance Minister. And he talks so much about democracy. I ask: What right has he to talk of democracy? One who was instrumental in imposing a decision on lakhs and crores of people against their will, a man . . .

Mr. Deputy-Speaker: Is the hon. Member speaking on the Finance Bill?

Shri C. D. Pande: We have done nothing. The Parliament decided.

Shri Morarji Desai: He was a Member of Parliament.

Shri Vasudevan Nair: I would submit that this is my view. You may not agree with me but I have the right to submit that this is my view.

It is the greatest tragedy and it is the greatest misfortune of this country that when our Plan is facing a serious crisis and when our country is at the crossroads we have such a Finance Minister, who is so rigid in his outlook and who is anti-democratic.

I conclude my remarks with this.

Shri C. D. Pande: It is dangerous for your party.

Shri Morarji Desai: Sir, I am very thankful to all the hon. Members, who have spoken on this Bill, including the last speaker, for the advice that has been given to me and for the suggestions also that have been given to me. We have never claimed—at least I have never claimed—that I know everything and that there is nothing to learn. As a matter of fact, there is much to learn and one learns every day. I am not surprised at the anger of the hon. Member who spoke last because I had to speak last time on some matters which annoyed them. I had no intention to annoy them. I have no inten-

tion to annoy them even today. But, if their only idea of flexibility is against my rigidity is that they must go on abusing me and I must go on suffering in patience without replying, . . .

An Hon. Member: You began.

Shri Morarji Desai: . . . that the Congress Party should be considered reactionary and that they should be considered forward, I am prepared to satisfy them by not speaking at all about it. I am quite sure that then also he will complain that I ignored him. (Interruption) There is no greater annoyance than ignoring a person. I do not want to enter into an argument with him about my rigidity. I can only say that if I am rigid, if I am shown to be rigid, I am prepared to improve. But, I am not prepared to be so flexible as to be used by him as he likes. That, I must certainly say.

He said that I am partial to private capital or private industry or private enterprise, or I am very friendly—he did not say I am partial, he said I was friendly—and therefore it is a misfortune that I should have become Finance Minister at this stage. If they consider that I am a misfortune to them, I feel I am somewhere in the right. Because, they can never see any right anywhere except in those who agree with them in everything that they do. Where rigidity is may better be examined by them. I see good even in them, but they see no good in me. Who is rigid? That is all I want to know. No human person is without good in him and therefore I consider them as my friends. I am not annoyed by them.

Shri V. P. Nayyar: Nor are we.

Shri Morarji Desai: That was obvious when it was said here that is a disaster that I should be the Finance Minister here.

Shri V. P. Nayyar: That certainly is

Shri Morarji Desai: If they could help it, they would like to see that I do not exist in this world. Fortunately, it is not in their hands. It is in the hands of Almighty who rules the world and not they.

An Hon. Member: They do not believe it.

Shri Morarji Desai: They do not believe it because then they are free to do what they like without any restraint and it is very easy to adopt utilitarian methods. But, I do not want to adopt utilitarian methods. I believe in right means and right means include that I should have friendship also for them and hope that they will also be reasonable and not as unreasonable as they are at present.

I should like, before going into the question of the Plan and economic questions which have been raised, to give some information about some of the queries made. My hon. friend Shri Bimal Ghose asked, why was there a discrepancy between the *Explanatory Memorandum* and the *Economic Survey* about borrowings of the Government. May I tell him that what is given in the *Explanatory Memorandum* is the borrowing of the Centre whereas what is given in the *Economic Survey* is the borrowings of the Centre as well as the States. I hope that he will be satisfied by this information. I will give the break up: Rs. 146 crores are the borrowings of the Centre and Rs. 67 crores of the States. If these two are added up, the figures will exactly tally. May I expect that my hon. friend is satisfied?

Then, I was asked about the state of affairs in the matter of deficit financing. Deficit financing in the first year was Rs. 238 crores. In the second year, 1957-58, it was Rs. 464 crores—Rs. 702 crores in the first two years instead of Rs. 600 crores as was first thought of. Therefore, it is not possible for me to say that we will confine ourselves to Rs. 600 crores only of deficit financing for the Plan. As a matter of fact, for

the Plan, Rs. 1,200 crores of deficit financing has been envisaged, and it will be our endeavour to see that we confine ourselves within that limit. But what we would like to see is that whatever deficit financing we may resort to, it should not result in inflation and it should help the economy and not retard the economy. That is the test we apply to the use of deficit financing, and if that is satisfied, I hope my hon. friends will have no quarrel about the extent of deficit financing that is made. And it will be agreed that by and large, although deficit financing has been adopted, there has been no inflation worth the name in this country, even though we have shouted very loudly about rise in prices, which is not much, compared to what has gone on in the whole world. That is what we have got to consider.

In a developing economy, there is bound to be some rise in prices. If the standard of living increases at the same time when the standard of income is also increasing, and if the whole increase is not absorbed in savings, there is bound to be an increase in consumption of goods and, therefore, it is bound also to lead increase in prices to some extent. We are, therefore, trying to see that that does not happen to a large extent, which might come in the way of our Plan, and we, are, therefore, trying to keep it under check to the best of our ability.

It must have been seen also that in the matter of foodgrains, the prices which were rising high last year have now come down, and are coming down to a proper level, so that there is no difficulty in that matter also in their effect on other sectors and in creating inflation. That is how this Government views this question.

I was asked to increase the rates of interest so that there may be more savings and more borrowings also may be obtained. Only last year, that is, as recently as June last, rates have been increased; in the case of 12-year national plan savings



[Shri Morarji Desai]

certificates, they have been raised by over one per cent. from 4.16 per cent. to 5.41 per cent.; in the case of 10-year treasury savings deposit certificates, they have been raised by half a per cent. to 4 per cent.; in the case of 15-year annuities, they have been raised from 3½ per cent. to 4½ per cent., and in the case of post office savings bank, the rates have been raised by half a per cent. to 2½ per cent. It must also be remembered when these rates of interest on savings certificates are compared with bank rates and other rates, that these are free of income-tax; and, therefore, that also is an advantage, and that will also add to the rate of interest which is actually obtaining.

Therefore, even in this matter, Government have not been unmindful. They have been thinking and trying to adopt various steps that can be adopted in order that our savings and our borrowings may go higher as we want them.

There have been some difficulties in the past which brought down the savings and the borrowings too, but we hope that in the next three years, that is, this year and the next two years, we will gain the lost ground and we will try to make up for what has happened, but even these are expectations and efforts. I cannot promise here and now that this is what is going to happen in matters like this. We are not living in an economy which is a forced economy or which is absolutely a guided economy where we might say that we will not suit the economy to human society, but suit human society to the economy. That is not what we are prepared to do. We want our Plans for the happiness of men—we do not want the Plan in order to satisfy that the Plan is there and that men must be made to adjust themselves to the Plan. That is the goal that we have and that is the theory on which we are working, or that is the ideal on which we are acting.

16.34 hrs.

[MR. SPEAKER in the Chair]

Therefore, it is not possible in these Plans, that are being made, always to see that nothing will miscarry or that there may not be some miscalculations or expectations not fulfilled.

I would, therefore, come now to the Plan and try to make up for some of the allegations which were made that I had not dealt with the economic matter at all during the last reply that I made on the Ministry's Demands.

There was not much time left at that time, because I had to give details about the various points raised—I had to give all those details, to which my hon. friend tried to reply just now quoting the very figures which I had given. I had quoted those very figures here. There was nothing new quoted to me. My hon. friend may consider himself an expert in economics, which I am not; I do not claim to be an economist or an expert in theories; I believe myself to be a practical man of the world, an ordinary man in the street, who is charged with performing this duty on account of circumstances that have arisen; I do not claim special qualification for it at all. But I do claim loyalty to my Party and loyalty to the principles which my Party claims which will alone do good to this country. And in accordance with that, I would say that if those very figures were scanned, my hon. friend would know within a minute, if he had a little patience or a little sympathy with this Government, that in 1948-49, if the income was larger, it was because of the excess profits tax and because of the excessive profits that were obtained during wartime. They continued for some time and that inflated the whole thing. There were also reasons why it came down in 1954-55. It will be seen that after that, it is constantly coming up. Instead of seeing the figures after 1954-55, that is, 1955-56, 1956-57, 1957-58 and 1958-59, my hon. friend always thinks of the past, because he believes only

in a leader of the past and no present leader. That is the difficulty with my hon. friend. When I say that, he gets annoyed and he thinks that I am attacking him. I do not want to attack him at all. I am only trying to request him to live in the present, to see that we are dealing with a human society and not with a machine, and that human society is guided by many emotions and not merely by an economic theory or only economic needs. That is what has got to be considered, and it is on that basis that this Plan also has been framed.

What is our economic need in this country? Our need in this country is to see that we remove poverty, which is a grinding poverty in this country for many many years. My hon. friend, Shri M. R. Masani, tried to propound a theory about socialism and about private enterprise. I am not interested in all these theories myself. I agree with him that there should not be any quarrels about these matters. He said these things are dead as dido or dodo, as he calls them. But if he finds them dead like that, why does he remember them every time he speaks? That is my worry. I would request him to forget it, and not remind me every-time about it.

**Mr. M. R. Masani:** Unfortunately, the hon. Minister's Leader reminded me of it in his last speech. So I was correcting his out-of-date conception.

**Mr. Speaker:** But even last week is dead.

**An Hon. Member:** Is he a follower?

**Shri Morarji Desai:** My revered leader did speak about that because my hon. friend goes on reminding us that we are 'lost souls', we are going on wrong grounds, we are not considering the realities of the situation and we are harming the economic position. That was why he reminded

him of it; there was nothing beyond that.

Sir, it is a curious thing—and a little ironical too—that in the old days when I was with my hon. friend in jail in 1932-33, he was a most forward person and I was then considered a rightist. But today, he considers me a leftist, but he has become a rightist. If I remind him of that, is it not a little difficult for him to reconcile to me. I am reconciled to him all right because I understand it all right. But after all, we learn, we live and learn and we go on advancing, we go on learning.

He talked about socialism, but a socialism which believes in a totalitarian State is only one kind of socialism, that is, a scientific socialism, as it is called.

**Shri Feroze Gandhi:** He has reconsidered it.

**Shri Morarji Desai:** When I was with him, I had learnt that there were 56 kinds of socialism. I do not know whether the number has gone to 96, but, at any rate, one should not be lost in all this. The words 'private enterprise' have also been raised recently by the friends of my hon. friend and my friends and everybody's friends. Why should we raise this sort of slogans and then fight shy of meeting the situation? There is no quarrel here; everything is national effort, whoever does it. But the essential condition is that whoever does it must do it as if it is a national effort. Whatever industry it is, it must work in the interests of the country and not for private profit only. Of course, there should be profit; nobody says that there should be no profit. But there should not be such profit as creates jealousies or as creates any imbalance in the economic structure of the country or as perpetuates grinding poverty which is there in this country in many people. That cannot be called a national effort. Therefore, we, on this side of the House, are all the while trying to see that there is

[Shri Morarji Desai]

equality of opportunity to everybody in this country. We try to reduce the stresses and strains, remove the poverty, bring up the standard of living as best as we can; and in that process those who have a very extraordinary standard of living and along with it even more surplus which is never going to go with them, if they can utilise that for the other people, what is wrong therein?

My hon. friend says that now he begins to believe in the theory of trusteeship of Mahatma Gandhi. When I was telling him that in 1933, he considered me an ignoramus. But, now, he comes to this. Mahatma Gandhi's theory of trusteeship means this. We want that the State should so regulate that nobody runs away with his own desires at the cost of other people. We want complete freedom for everybody, to grow to the best of his capacity, mentally, morally and physically. But, we do not want anybody to grow at the cost of all others. That is the limit which everybody should prescribe for himself and if that is not prescribed, it becomes the business of the State to see that that man does not run away. Otherwise, what is the State meant for? We, certainly, would like to see that the State governs least, as least as it is possible. But, when we prescribe that to a child and say that the child must walk by itself and that there should be no aid given to it, we can only say that we are talking in the air. When we are just rising, we have got to have all the help; we have got all the help of the laws or the help of the baton or of the hanging material. These are the helps that are taken in the world. In democracy it is the help of the laws that is taken. The laws must not be oppressive; but the laws become oppressive when the citizens of a democratic State try to go behind the laws and break the laws in a stealthy manner and do not obey the laws even though it is with difficulty that they have got to obey

them. That is where the whole oppression comes and where the whole harassment comes. We are trying to see that even that harassment goes and that there is not left that weakness which makes people do that. We can understand that; we are practical people; we do not expect people to be godly in every way; nobody is godly. When we are not godly, how can we expect other people to be godly? But, we certainly expect a minimum standard of good behaviour, a social conscience which will enable us to raise this country to the height to which we want to raise it. That is what we want and if that is not forthcoming, will the Government be considered to have carried out its duty if it did not stop such forces from being effective? Of course, it must be by democratic means, by means of laws.

There are no laws which are implemented by this Government which are not made by this hon. Parliament. There are no laws which this Government can ever take to and there are instances in which this Government has given up measures because Parliament does not like them. That is what this Government believes in. But, if it is sought to be argued that those people who are charged with the government of this country by the will of the people must mortgage their brains to those who have not the will of the people with them, there could be nothing more stupid that we can do on earth. And, we do not propose to do that. We are prepared to profit by all the advice that is given to us. We are prepared to take every measure of advice and help that is given to us because we think that all the advice given to us is useful because it is mean for the people. But, ultimately we must be able to consider that that is right. If we do not consider that that is right, what are we going to do about it?

Take the case of the Plan. As I said last time, we are trying to re-

assess the Plan. And, before it is re-assessed, how am I going to describe it here? I do not know. Would it be right for me to give my views just now and not believe in the collective view which is the view of the Planning Commission? The Planning Commission is assessing it and it is doing it as quickly as possible. I should have been very happy if this could have been done fifteen days earlier; then we could have put it before the House. It is not an easy matter. My hon. friend, Shri Asoka Mehta, in spite of his expert knowledge and experience in all matters, if he was charged to do it himself, would have taken, I am quite sure, double the time that we are taking. The matter is not easy.

**Shri Asoka Mehta:** Are you willing to charge me with it?

**Shri Morarji Desai:** If you qualify for it, all right. The hon. Member must show himself fit for being charged. If he does not do that, how can I do that? I do not charge anybody. It is the country that charges anybody. I cannot myself charge anybody. I cannot go against the country and charge him without the desire of the country. That will not be democratic at all. And I do not think that my hon. friend will want me to be undemocratic. Of course I know that he believes in democracy as much as I believe. There is no question about it. I should be very willing to do that but my hon. friend has himself gone away from that path. Therefore, it is my difficulty. I could not help it. I wish he comes back . . .

**Shri Asoka Mehta:** Not likely.

**Shri Morarji Desai:** I wish he comes back, not on his own terms but on right terms: I am not saying—only on my terms. That is what we want and that has been the attitude of this Government with respect to all the citizens of this country, not only with respect to my hon. friend.

Then the question of revenue resources was raised in connection with this very Plan by my hon. friend, Shri Ghose. He has said that the revenue resources have gone up to Rs. 6,600 crores. We want only Rs. 6,000 crores. What is all this cry about want of internal resources? During this short time after he has spoken I have not been able to collect all the figures so that I could give him all the figures. But I believe there is something, some catch somewhere in the figures which he has quoted. It cannot be. If we had all these resources, why should we be fumbling about them? We could certainly spend them.

**Shri Bimal Ghose:** Non-plan expenditure.

**Shri Morarji Desai:** Non-plan expenditure also is many a time very much abused. I do not deny that there is some non-plan expenditure which could be avoided. But, if I were to say from my experience of the Bombay State where also we were charged with having non-plan expenditure, I may tell my hon. friend that I tried to go into every single item of non-plan expenditure and I found that nothing could be avoided. There are so many things which are relevant to the expenditure of the Plan itself which have got to be done and if they are not done, the Plan will fail and the Plan could not be carried out. The Plan is made up like that but then it has to be built up with bones and blood and everything. If that is not done, if the non-plan expenditure is removed simply because it is so, then we will not be able to go ahead at all. It is that sort of non-plan expenditure which we cannot avoid. Still I would not say that there is not some like that in some place or even in Bombay it may have escaped me. I am not prepared to say that it will not be there. I am prepared to learn in this matter. Let it be pointed out. We will certainly try to stop that or let us argue about it. I will put the facts and figures and they

[Shri Morarji Desai]

must also be prepared to see it. In this connection, my hon. friend Shri Ranga has said that we should revive the old Standing Committees. There are Consultative Committees. I do not know why my hon. friend thinks that there are no committees. There are these committees. My experience has been that these committees do not meet frequently and if they meet they are in a hurry to go away. That is what I have myself found. I have tried to give them all facts and figures. I am prepared to give every help in future. At any time they want me, I am available for them, for their advice and for everything.

**Shri Ranga:** We should have an agenda.

**Shri Morarji Desai:** There is an agenda in the Consultative Committee. There is everything. I have also said that I am prepared to have any agenda that the hon. Members might send. I ask the hon. Members for agenda also. What more is wanted? What is a Standing Committee? Call this a Standing Committee. It is the same thing.

**Shri Ranga:** They take decisions.

**Shri Morarji Desai:** The Government cannot give up its decision right to any other committee like that. Then the Government must get out . . . *(Interruptions.)*

**Shri Ranga:** They come to you as recommendations.

**Shri T. N. Singh:** There is a certain misunderstanding about the functions of the old Standing Committee and the present Consultative Committee. Practically every new item of expenditure that was to be incurred used to come before the old Standing Committees. Secondly, every change or any modification of the policy that took place in the course of the year—that also used to come before that Committee. They did not meet more than once or twice a year but they went into these questions.

**Shri Morarji Desai:** I know the Committee that my hon. friend refers to.

**Shri Ranga:** They made recommendations to the Government.

**Shri Morarji Desai:** But my hon. friend forgets that this Standing Committee was kept because it was a Government which was not amenable to the people. That is not the position today.

**Shri Nagi Reddy:** Amenable to the people?

**Shri Morarji Desai:** Certainly it is amenable to the people. It is the Government of the people, even if my hon. friend does not recognise it. Their Government in Kerala has also come by the same method. They think that that is a people's Government and this is not a people's Government; it is a very strange sense of democracy which they are propounding, that is all that I can say.

It is not possible to have that sort of a Standing Committee which was there in those days, with the functioning of a democratic Government. *(Interruption.)* That is all that I should like to say.

**Mr. Speaker:** Order, order. Hon. Members cannot wring out an answer from the Minister. It is open to the hon. Minister to answer as he likes. Hon. Members may be or may not be satisfied. Therefore, let him go on; there is little time left now.

**Shri Morarji Desai:** My hon. friends will be satisfied only if I accept everything that they tell me, and admit that I am completely stupid and that they are wise. *(Interruptions.)*

**Pandit Govind Malaviya** (Sultanpur): Sir, may I say a word?

**Mr. Speaker:** The hon. Minister is not giving in.

**Pandit Govind Malaviya:** Just one sentence, Sir. I only want to say that the hon. Finance Minister may be

good enough to keep an open mind on this matter till he has talked to others and then he may decide as he thinks fit.

**Shri Morarji Desai:** Let my hon. friends keep an open mind instead of asking me to keep an open mind. They have made up their mind that this must be done, and they want me to keep an open mind so that I accept what they say. We have an open mind whenever we discuss. We have a completely open mind whenever we want to discuss, in the sense that we are prepared to consider and discuss. The decision is already made. There is no question of taking any decision. If a new decision is to be taken it will be considered afresh, and we will certainly consider it. There is nothing which cannot be considered at any time in this Government, and even if I say today that that sort of a Standing Committee will not come, I do not say that it will not come if we are satisfied that it should come. Therefore, that is always there. When my friend seems to think that he has an open mind, I think he has the most closed mind when he tells me like this.

**Shri Feroze Gandhi:** Mr. Speaker himself suggested this.

**Mr. Speaker:** Order, order. Let not the Speaker be brought into this.

**Shri Morarji Desai:** Then, there was the question of foreign investment, foreign capital, and also the question of deferred payments. We were asked to state what we have done about the deferred payments that we have arranged, whether that is not going to land us in great trouble. It is true, if that was not thought of it would have brought bankruptcy for us after four years; it would have deferred our doom. We do not propose to defer our doom. We have arranged this deferred payment in such a manner that we are able to pay from the savings which will accrue as a result of the schemes which will go into execution, and

which will save that much exchange or which will earn foreign exchange as a result of it. That is what we are doing. We are not, therefore, importing raw materials on a deferred payment basis. We are not doing that at all, and we have stopped other deferred payments also now, except in cases where new foreign exchange can be earned or saved. That is all what we are doing. We have certainly built up, therefore, a lot of obligation for future which we have got to pay. But we will pay that. There is no obligation which this country has ever disowned or which it has not carried out. That is always the sheet-anchor of this Government. Whatever happens, it will never deny its obligations whatever may be the conditions, whatever may be the difficulties. It is that which gives us strength. It is that which will also give us strength to carry out the Plan to the best extent possible.

Sir, I may say one thing also about the Plan. I was examining the First Five Year Plan which we have fulfilled, as we say. It was, I think, about Rs. 23.50 crores or so. The fulfilment was Rs. 19.50 crores; yet it was fulfilled. But there is a shortfall which is bound to be there in any Plan. In the same way, if you take by that proportion, that sort of thing is likely to happen in any Plan, and by that standard I do not think we are going to suffer even in future. That is what I feel. But, as long as we are examining this position, it is not possible for me to give anything just now. If a little patience is exercised in this matter, I am quite sure that I shall be able to satisfy my hon. friends about the reasonableness of the Plan, about not having a rigid mind about it, about not having also such a flexible mind that we want to run away from a pattern which many people or this House has approved of, and that we are not unmindful of the progress that we have to make.

A question was asked, Sir, in this very connection about employment.

[Shri Morarji Desai]

What are we doing in the matter of employment? All that expenditure that is made is for employment, and it is difficult there also to calculate. Of course, our expectation is that we want to increase employment by nine million jobs. That was the expectation in the Second Five Year Plan. Some survey was made and we found that two million jobs have been increased during the last two years. If I am asked to prove it immediately it is difficult for me to do so. That is what I was told by the survey people who had done it. But we are also examining it further. We are trying to see that as much employment is obtained as is possible, and it is, therefore, that we are not merely concentrating on big plants, the core of the Plan, as it is said,—the steel plants and those plants which are huge plants. We are also concentrating more and more on the small-scale industries and on the cottage industries which give greater employment, and we are employing more and more people, and we are trying to spend more and more on it. The advantage of it is that that does not require as much capital as is required for the bigger units. But the bigger units also are absolutely necessary. It is not as if we are, as some people think, steel mad. There is no question of being steel mad in this matter. But if we do not want to mortgage our future permanently to expenditure on foreign exchange, we have got to devise methods whereby we will be saving foreign exchange to the utmost capacity as soon as we can. It is on that basis that these were conceived.

Of course, there are some people who are afraid that we will go on expending more and more on these lines and therefore we will be going on curtailing more and more social services. That is not the idea at all. There is no question of curtailing social services. There was a shortfall more in social services even during the last Plan even when money was available. Social services are

not very easy to give. We want to give them but they also depend upon the development which will take place in this country and on the capacity of this country also to have social services. Therefore, whatever may be the desire of having social services, we cannot expand them indefinitely.

Take education, for example. Merely because we have many schools and many colleges—everything on a large number—it does not mean that we are doing 'education' properly. We have got to go on, coordinating the whole system of education, of consolidating the expansion that we have made and then we can go on expanding. Otherwise, if we go on expanding social services I think we will come to grief. Therefore, even in this matter, it is not that we are subordinating the social services to the core of the Plan, as it is said.

As a matter of fact, we want the steel also for social services. Everything that we do in this country is meant for social services and for nothing else. But before we can have the means, if we say we must utilise the means, I do not know whether there is prudence in those who ask me to do that or whether there is prudence in the Government which takes a realistic view. We believe in taking a realistic view. Many a time our expectations are those of the U.S.A. And we forget that our resources are of a backward country. That is what we forget and that is where we are asked to do almost everything at the same time. That is also forgotten, and when we attempt to do many things at the same time, then we are told that we are trying to do the impossible. We are not running away with these things. We are not forced to do anything as my hon. friend there said. He said I was forced to give concessions. What are the concessions given? The concessions are not in any taxes. The tax has not been reduced in any way. If the development rebate has been

changed, it has changed because it was necessary. It was proper that it should be changed.

What has been done in the matter of development rebate? We were saying that they should put 100 per cent of the development rebate in reserves. In the development rebate, what we are really giving is, 51·5 per cent. of income-tax which is saved in the development rebate, because it is deducted from income where income-tax is not deducted. What we are giving is 51·5 per cent. It is agreed by everybody that we should give this if we want our new ventures to go up, if we want them to thrive, and we want them to get up. Therefore, this incentive is given. What is there about that also? When we are saying that we put it there, then we must also put about 23·5 per cent. or something like that along with it, so that they have also got earnestness in the matter and the money belongs to them. Therefore, they cannot complain as they are complaining that we are doing something which is wrong.

17 hrs.

I am glad that my hon. friend Shri M. R. Masani considers that it is some concession even though he considers it does not go fully to that. I do not think that there would have been any reason for giving a complete 51·5 per cent rebate to the industries merely at the cost of all other people if they were not to exert themselves about it. Therefore, it is necessary to see that nobody is entitled to this rebate. This rebate is given, because we want these industries to come up, so that the people may prosper and profit by it. That is why we are giving it. But if the industries which profit by it are not going to utilise even some more money by saving it and putting it for the development of the industry in future and not give it up merely as dividends, I do not think there would be any justification for the development rebate. Therefore,

to say that dividends will not be paid is not right. It is possible that new companies may not be able to pay dividends immediately, because they want to take the development rebate. But new companies have seldom paid dividends for the first two or three years, and there is nothing wrong if they do not pay dividends for the first two or three years. Let them strengthen their position completely by means of these reserves and then they will be in a better position to assure the shareholders about the dividends. Why should the shareholders only think of the dividends and not think of the stability of the concern or of the larger profits coming afterwards, benefiting themselves and benefiting the country?

The shareholders also must think of the country and not merely of their money. They are getting profit only because the country is prospering and the country is enabling them to prosper. That is why they have also got to consider the interests of the country in this matter.

Even in this matter, it was said that taxation in this country is the highest and yet my hon. friend immediately admitted that the rate of taxation in England is 57 and here it is 56. So, it is not the highest in any case. But even there, if the special rates of depreciation and other concessions given in income-tax in this country are compared with those things that are there, you will find that the rate is lower here than in all those countries. That is being forgotten. It is not very kind to the Government when that is said. On the contrary, it is not also a very fair thing to say only that this is not high; but, this is very appropriate. We do not want to levy taxation which will remove the industries, because that will be suicidal. We want industries to produce wealth and we want also a part of that wealth, so that the country produces more and more and becomes better. It is in that way that the taxation policy of this Government is sought



[Shri Morarji Desai]

and devised. We want that things must be produced and we want to take as much out of it as we safely can, so that it also goes on, the Government also goes on and the people go on prospering. That is the policy on which the taxation policy is based.

It is possible that some different structure may be devised by some people and may be suggested. We are prepared to consider any different structures of taxation that are given, but these conditions must be satisfied not merely to their satisfaction, but to the satisfaction of this House; not merely to my satisfaction, because that also would not do. The satisfaction of this House is paramount in this matter and if it is done to the satisfaction of this House, there is nothing to prevent us from taking to that tax structure. It is very easy to say, change the tax structure, but it is not so easy to produce a changed tax structure which will deliver the goods. But I am prepared to make an offer to anybody. They will say, "You can make an offer, but how are you going to do it?" I make an offer: Let anybody suggest a tax structure; I want that we should get the money that we now get and we should also get some more money in future. If that is satisfied, I will take that, provided I will name 5 or 10 people who will forfeit their properties if this does not come out. Then, I will consider that it is right. Otherwise, there is no stake for anybody to suggest this. If this Government fails, certainly it walks out. That is the stake that this Government has and that is why we are thinking about these tax structures very seriously, in the right direction and in the best direction we can. In that, whatever help is given to us, we are prepared to take, not only to take, but to thank all those who give us all those ideals.

Then, it was said that power is concentrated in 5 or 6 people and Vinobaji was cited in this matter. My hon. friends do not live as Vinobaji lives,

do not think as Vinobaji thinks and have not the same ideal of life as he has. Still, he is quoted against me. Why should that be done? Is that very fair? Let them try to live like that and then tell me; I am prepared to go that way. But without that, if I am told to go that way, I would say, "Physician, heal thyself." I have had long discussions myself with Vinobaji about what he puts as ideal and he also thinks that in practical life, other things have got to be done. But we must constantly remember that we must go forward and go towards the ideal. That is what we are trying to do. How can five or six people govern? It is this House that is governing. To say that five or six people are governing is to belittle the powers of this House and the capacity of this House to govern this country. Anybody who says that does not honour this House. That is all I would say. Anybody outside the House may say that. But I do not think that anybody inside this House would like to say that. If anybody says that, it is wrong for him to say that a few people are governing.

Many people have many ideas, sometimes out of bitterness, sometimes out of frustration, sometimes out of superior knowledge or superior egoism or, perhaps, superior theory; I do not know. But if any workable theory is given in this matter, we are prepared to take up that theory and adopt it, as far as possible. Therefore, let us not go merely by some sort of notion where we think that we are not acting properly.

I was told by an hon. friend from the Opposition that we are not going on the Gandhian way, whereas we ought to have gone the Gandhian way. May I say, Sir, very humbly that we are trying to come up to what we have learnt to the best of our capacity? But we are not claiming that we are going that way wholesale, because we have not the capacity to go that way wholesale. We should like to go that

way. We would like to qualify for that. But I do not know what will happen if I try to follow up the advice that he gave me. He gave me the advice that we must tell the people that they should work and if they do not work, make them work; do not give them respite; let them die. It is easy for him to say that. If I say anything like that from these benches here, I do not know what will be my fate. Therefore, it is very easy to speak these things when one is in opposition. But even in opposition I think it has got to be considered in such a way for some day they will have to implement it. After all, that is the meaning of opposition in a democracy. If that is not thought of, then things do not become real and we do not keep to the right course, as we should keep to the right course. I do not think that we are departing from the broad picture which Mahatma Gandhi gave to make this country happy in such a way that everybody has equal opportunity and that nobody is exploited and that everybody becomes self-reliant and is fearless. But, it is not easy to make people fearless. We have got to make them fearless gradually by having our structure in such a way that people are not afraid. Will my hon. friends co-operate with me in this matter and see that others are not put in a fear? Is not carrying on a propaganda against people whom you do not like behind their backs, maligning them, black-mailing them by doing whatever you like, is that not a way of violence?

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Is not it a way of violence to put fear in the people? That should never be done. Violence does not mean merely a baton. It does not mean merely a sword. It also means defaming people, which is also a method of making people afraid. Therefore, we ought not to take to these ways, which make us afraid. We ought to help each other in being fearless. That is what Mahatma Gandhi taught us and it is up to us to implement it. If we do that, I am quite sure that we will be able to find out a solution which will be satisfying to everybody, because then we will become reasonable also. I do not claim, and we have not claimed, that we have followed Mahatma Gandhi as we should have followed him. We have been weak. We have strayed away from the path. But we are constantly trying to come to that path to the best of our capacity. In that process, if the hon. friends give us help, we will certainly take that help and take it with gratitude.

**Mr. Speaker:** The question is:

“That the Bill to give effect to the financial proposals of the Central Government for the financial year 1958-59, be taken into consideration.”

*The motion was adopted.*

*The Lok Sabha then adjourned till Eleven of the Clock on Wednesday, the 23rd April, 1958.*